





# The week in London and New York

## Equities respond to Mr. Healey

## Resilient market

BY GUY DE JONQUERES

Taking its cue from the apparent first round success in the talks between the TUC and the Treasury, the market rose sharply yesterday. So after a week of see-saw like swings the 30-Share index has emerged from the first leg of the new account 27.7 points higher at 323.3.

That compares with 291.8 at the close on Monday; on Tuesday sterling opened at a worst ever trade weighted depreciation of 29.2 per cent and by the afternoon Mr. Healey was disclosing to the Commons a package of crisis proposals. Since then sterling has partially recovered (to 27.8 per cent), and has been fairly steady over the past three days. The gilt market has also firmed up a bit

relative strength this week, notably food manufacturing with stocks like Associated Biscuit and Northern Foods rising by a fifth.

As for gilts, the shorts fell back on Thursday following the jump in Citibank's prime rate but by and large longer maturities have this week made steady gains. The bulls see inflation rates falling and therefore leading to attractive buying opportunities among the longs. But the cynics point out that rising interest rates are just about the ones shot left in the Government's locker should the present tactics fail to restore confidence in sterling.

### Sheffield twists

After weeks of allowing the opposition (Thorn Electrical) to make a string of counter offers as well as most of the stage noises, SKF has hit back in the battle for Sheffield Twist shareholders, however, need be in no great hurry to follow an abrupt and curious about face by the STD Board. On Wednesday SKF raised its cash bid from 77p to 81p where it equalled the Thorn offer. But Thorn immediately chipped in with an extra 1p which was

enough to induce the STD Board—which had backed the SKF offer through thick and thin for over a month—to switch allegiance and recommend Thorn to its shareholders.

The reactions of the STD directors are puzzling to outsiders. But plenty of institutions are apparently viewing the whole situation with a cooler eye. The ball in this particular takeover game could still be very much in mid-air, and they are obviously in no hurry to accept at this stage.

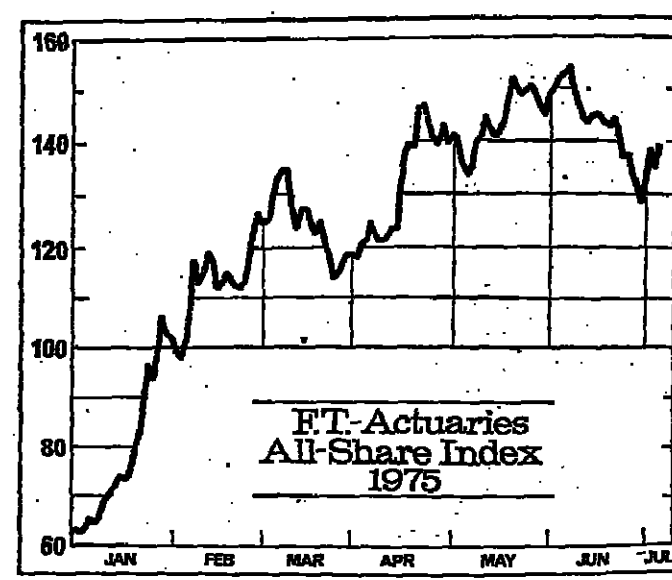
### Coats' dividend countdown

Both the pension funds and the unit trust managers are now formally committed to opposing the adoption of Coats Paton's report and accounts at next week's AGM, as a protest against its decision to omit the stage noises, SKF has hit back in the battle for Sheffield Twist shareholders, however, need be in no great hurry to follow an abrupt and curious about face by the STD Board. On Wednesday SKF raised its cash bid from 77p to 81p where it equalled the Thorn offer. But Thorn immediately chipped in with an extra 1p which was

Coats has promised that future dividends will be determined by earnings rather than by the amount of cash generated in the relevant year's trading, and there is very little chance that other companies are going to take its recent decision as any kind of precedent.

So what do shareholders stand to gain if the accounts are rejected? If Coats felt obliged to restore the 1974 dividend, gross funds and other low-rate taxpayers would benefit, and managers of high-income unit trusts would find it much easier to achieve their annual income targets. And under the present statutory controls, Coats would have a higher platform on which to build dividend increases in future years.

But for shareholders paying warrants support now: The General Electric share price has almost tripled to 130p this year, and Thursday's 1974-75 results justified this above-average performance. Last year group profits rose by 22.6m. to £173.9m. pre-tax following a 23.3m. mid-term gain. Sales advanced £298m. to £1,542m.



holders in the past, and it is impossible to pass the legislation by the end of the current session. The decision has been made to pass the Bill, since the major changes in the proposals, the interval between the period on which the compensation is based, and the date payment is made will widen to a potentially unfair extent. At present, compensation is to be linked to a six month average of stock market prices between September, 1973, and February, 1974, which has created many anomalies, not least because almost all of the companies affected are unquoted, but are to be treated as if quoted.

### GEC's bumper year

The General Electric share price has almost tripled to 130p this year, and Thursday's 1974-75 results justified this above-average performance. Last year group profits rose by 22.6m. to £173.9m. pre-tax following a 23.3m. mid-term gain. Sales advanced £298m. to £1,542m.

The increase in volume is reflected in a jump of nearly a third to £95m. in working capital requirements. But despite this and a hefty capital expenditure programme (£78m.) on top of a redemption of convertible, net cash balances have only fallen from £200m. to £146m.; cash flow, including deferred tax, has soared to £160m.

On the trading front there was a rise of some 40 per cent from the industrial activities reflecting the strength in diesel while associates have chipped in an extra £8m. Across the board new orders are keeping pace with sales which suggests growth again this year. The shares yield 3.7 per cent at 128p which is hardly attractive. But these latest figures and prospects should more than justify GEC's market status, particularly when the institutions can still deal in up to 50,000 shares — a rare occurrence in these days of narrow markets.

**Nationalisation postponed**

The Government's announcement this week of the postponement until the next Parliamentary session of the Bill to nationalise the shipbuilding and aerospace industries has caused scarcely a ripple in the market as it had been assumed

that the Government was aiming at a 6 cent. Federal Funds rate, slightly higher. This would lift Treasury Bill yields to rise above their current 6 cent. level if they are to remain attractive.

The Treasury's continuing confidence in this needs will probably also pressure on the short end to step up their borrowing through certificates of deposit significant portion of it. Liquidity is likely to remain tight for some time in securities the New York Municipal Association Corporation, of which the Treasury is a major shareholder. The prospect of de borrowing costs would be daunting if the economy were to show signs of much stronger growth, but all the evidence points to a relatively sluggish second-half recovery anyway. Furthermore, there are growing indications that the financial conditions which affected the credit markets last year are starting to correct themselves.

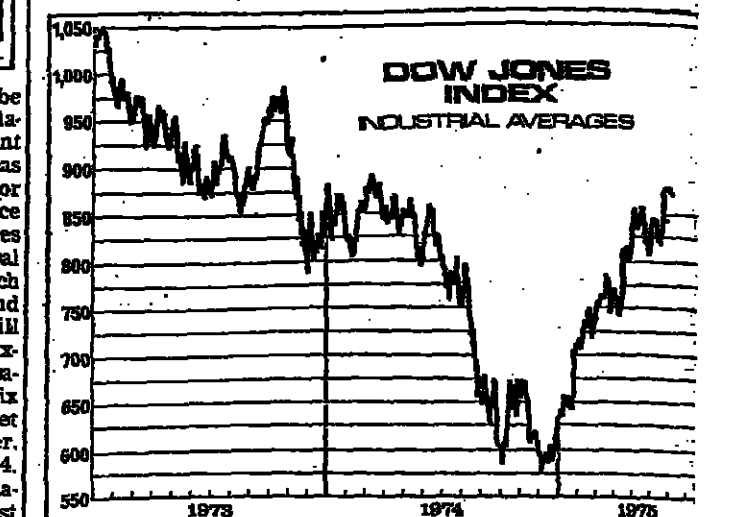
A flow of funds analysis by Salomon Brothers issued this week finds that there has been a substantial rebuilding of liquidity by both households and corporations, that no financial corporations are no borrowing far less heavily in finance operations. It also estimates that the increase in credit demand this year will amount to \$150bn., the smallest since 1968, some \$26bn. less than last year.

So far this year this slowing of demand has shown up in May and June as the Federal Reserve has injected into the economy, and announced growth in several recent weeks has far exceeded the 9 per cent upper limit set by the Fed over the medium-term.

There have been signs more recently that the M-1 growth rate is slowing down (it tends to moderate in the third quarter anyway), which could mean that the Fed's more restrictive policy will be of only shortish duration. But for the moment it

seems to be aiming at a 6 cent. Federal Funds rate, slightly higher. This would lift Treasury Bill yields to rise above their current 6 cent. level if they are to remain attractive.

The Treasury's continuing confidence in this needs will probably also pressure on the short end to step up their borrowing through certificates of deposit significant portion of it. Liquidity is likely to remain tight for some time in securities the New York Municipal Association Corporation, of which the Treasury is a major shareholder. The prospect of de borrowing costs would be daunting if the economy were to show signs of much stronger growth, but all the evidence points to a relatively sluggish second-half recovery anyway. Furthermore, there are growing indications that the financial conditions which affected the credit markets last year are starting to correct themselves.



statistical quirks almost certainly made both of them appear more favourable than they actually were.

While other major banks (all of which were already at seven per cent) have not followed Citibank immediately, further rises in prime rates now seem likely. Citibank's rate formula is based on a three-week moving average of the yields on commercial paper, and unless the latter actually fall it may well call for a 7 1/2 per cent prime by the end of next week. Some analysts are not ruling out the possibility of a rise to 7 1/2 per cent before the end of this month.

The Federal Reserve appears prepared to tolerate a limited rise in prime rates as one of the costs of dampening down money supply growth. M-1 increased by bounds in May and June as the Federal Reserve has injected into the economy, and announced growth in several recent weeks has far exceeded the 9 per cent upper limit set by the Fed over the medium-term.

There have been signs more recently that the M-1 growth rate is slowing down (it tends to moderate in the third quarter anyway), which could mean that the Fed's more restrictive policy will be of only shortish duration. But for the moment it

### TOP PERFORMING SECTORS IN FOUR WEEKS FROM JUNE 5

Wines & Spirits	+4.7
Tobacco	+5.4
Oil	+5.8
Electrical	+5.9
Machine & Other Tools	+5.9
Food	+7.2
Textiles	+7.9

### THE WORST PERFORMERS % FALL

All-Share Index	-11.7
Packaging & Paper	-15.5
Insurance (Composite)	-15.8
Food Retailing	-17.6
Hire Purchase	-18.6
Discount Houses	-19.1

despite a clear trend towards rising short term interest rates in the U.S.

The Chancellor's wage proposals—which centre on a 10 per cent ceiling on rises (for dividends too)—are about as tough as the City could have expected. But for the market one major "if" hinges on whether the Government can make its proposals stick—hence the importance yesterday of the outcome of Thursday's talks with the TUC. Moreover, there are still some misgivings over the relatively vague approach to control of public spending, via undisclosed cash ceilings.

The new dividend and price code proposals are broadly an extension of the measures already in force. So for equities there are no new serious threats—though we have yet to read the small print in the White Paper, and to see the reaction of next week's annual conference of mineworkers. Still, certain equity sectors showed plenty of

### MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1975	1975	
	Yday	Week	High	Low	
F.T. Ind. Ord. Index	323.3	+27.7	365.3	146.0	Tech. rally awaiting Govt. pay plan
F.T. Govt. Secs. Index	59.33	+1.0	62.34	49.18	Govt's anti-inflationary moves
F.T. Gold Mines Index	382.4	+27.3	462.3	280.2	Fall in investment premium
Clearance	48	+6	52	24	Excellent results
Distillers	147	+17	149	65	Whisky price increases
Dunelm-Combe-Marx	107	+15	107	39	"Rights" offer & dividend forecast
GEC	130	+14	133	51	Advance in second-half profits
Granada "A"	54	+8	57	22	Interim report
Hellenic & General	40	-7	48	27	Hambros abandon's 40p share bid
ICI	268	+18	302	118	Market trend
"LOF"	32	-4	64	27	Chairman's gloomy review
Marks and Spencer	203	+12	256	95	Chairman's statement
Midland Bank	263	+28	305	122	Half-year results due soon
Sancontinental	410	+75	450	220	Hopes for change of Government
Sainsbury (J.)	146	+10	184	81	Chairman's statement
Selection Trust	555	-27	695	322	Disappointing full year figures
Smiths Industries	115	-10	139	51	£8.7m. "Rights" offer/9mths. Results
Tate and Lyle	227	-5	279	91	Proposed "Rights" issue
Ultra Electronic	24	+10	24	7	Rise in profits

### MINES IN THE NEWS

## Cross-fire for gold

BY MALCOLM DUMPHREYS

THIS IS THE "silly season," the time of the year when both share and metal markets are traditionally quiet and can sometimes do things for which it is hard to find any logical explanation. This could be said of the movement in the bullion price subsequent to the U.S. Treasury's "Dutch" auction of the metal last Monday.

The first of these auctions was on January 6 when a disappointing response was made to the then offered amount of 2m. ounces. Only 750,000 ounces were sold at an average price of \$163 per ounce and on that day the bullion price closed at \$169. It then moved up to \$180 within five trading days. In the week prior to the auction the metal price had touched a record \$188 in anticipation of a strong demand from the U.S. public who were allowed to buy gold legally for the first time in 41 years.

This week the amount offered was 500,000 ounces. For this, a total of 758 bids were received (compared with 209 in January) for around 4m. ounces at prices ranging between \$132 and \$182 per ounce. The outcome was that 499,500 ounces were sold at \$165.05 per ounce to those who bid that price and more. As in January, much of the gold went to foreign dealers. On Monday the bullion price ended at \$168.30 per ounce but has since declined to \$164.50.

The fall of our Gold Mines index this past week by 27.3 to 382.4 cannot, however, be attributed to the U.S. Auction. The main cause was the fall in the investment dollar premium. The latter had been up to 100 per cent earlier in the week, reflecting the continued decline in sterling against other major currencies. Subsequently, it fell back following the U.K. Chancellor's measures to halt inflation.

Investors still wishing to put their money into the stock market should, by rights, now look for those shares which are not subject to dividend restraint, namely those of overseas based companies. The drawback to investment in such concerns, however, is the premium, currently around 95 per cent, that has to be paid for the privilege of buying such stocks and the fact that 25 per cent of the Government when holdings are sold.

### Rand devaluation

While on the subject of dividends, the effect on payments to U.K. shareholders of South African issues following the recent devaluation of the rand houses' foreign

against the dollar from \$1.47 to \$1.40 is a little hard to assess. If the pound moves down against the dollar by the same amount that the rand has depreciated against it then holders in this country will neither gain nor lose. One thing is certain, though, that all South Africa's exports, which are traded in dollars will produce increased earnings for the companies when the money is converted back to rands.

This is obviously significant for the country's gold producers because it will, albeit in a small way, help to alleviate the burden of ever increasing costs which are currently rising at around 25 per cent per annum.

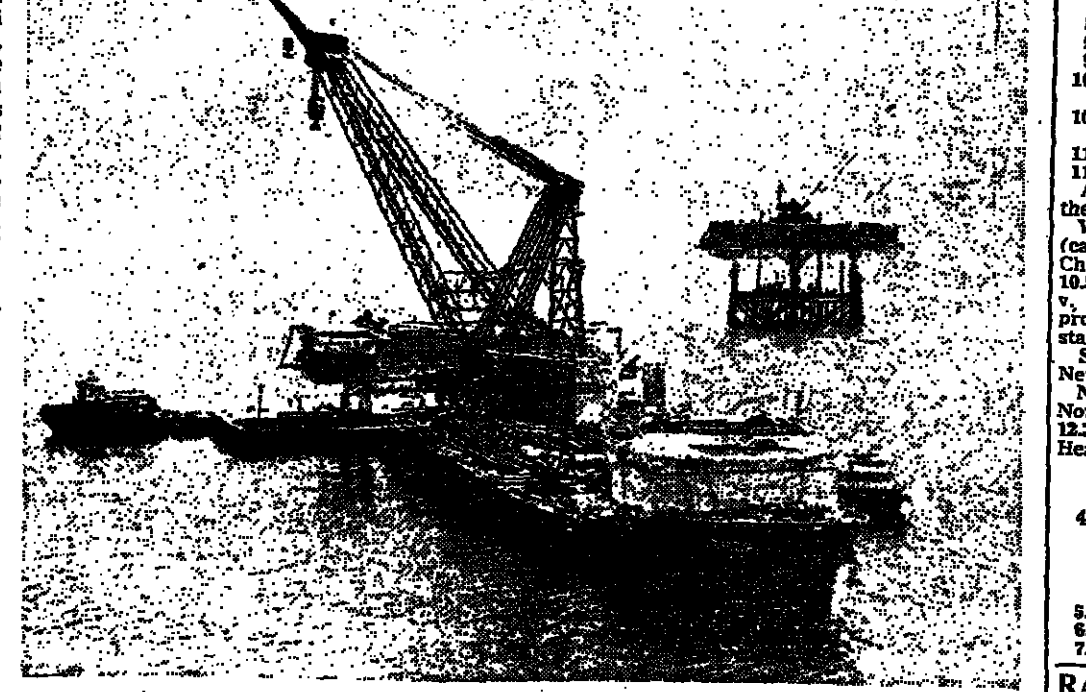
What could prove to be the next twist in the upward spiral

loans will go up by the amount of the devaluation.

It is part of the irony of current mining share markets that the U.K.-based mining finance group, Selection Trust, could announce an 88 per cent increase in operating profit for the year to last March and raise its dividend by the permitted amount to 14p while at the same time seeing its shares fall back further to a level over 20 per cent down from that achieved earlier this year.

True, the higher distribution was predicted in January when the merger with Consolidated African Selection Trust was mooted. This marriage was consummated on March 31. So CAST's results will not be con-

firming a money-spinner. And there is always the chance of further stimulating news from the Brouillon (now rechristened Detour) base-metal find in Canada.



solidated until the current financial year. But there are three reasons why Selection Trust shares have declined in popularity.

First, the 1974-75 net profit was virtually unchanged owing to a doubling of administration, exploration and interest charges. Second, the second half performance was considerably down on that of the first half, reflecting the weakness of base-metal prices. This obviously has bearish implications for Selection Trust's prospects anyway in the first part of the year to next March.

Thirdly, last month the freezing of the big Agnew nickel project in Western Australia by the cold winds of

Coming out of 1974-75 earnings of 24.9p a share the 14p dividend looks safe enough. So the slide in Selection Trust may not have much further to go.

To enable Rand Selection to continue to participate in its one-third stake in the new business of the Anglo American group, whose companies "are now clearly moving into a phase of substantial expansion," an issue of R30m. five-year 7 per cent cumulative redeemable preference shares is to be made. The total issue is to be taken up by Anglo American and its associates. A shareholders' meeting has been called for July 29 to ratify the proposals and authorise the required increase in capital.

### TV Radio

#### BBC 1

Indicates programme in black and white.

9.00 a.m. Teddy Edward. 9.05 The Mister Men. 9.15 Lessee's Security Rangers (cartoon). 9.25 The Long Walk. 10.00 Laurel and Hardy. "The Midnight Patrol". 10.15 Double Bill. "Catch Us If You Can," starring The Dave Clark Five and "The Hotel Sahara" starring "Fronzo" De Carlo and Peter Ustinov. 1.10 p.m. Weather. 1.15 Wimbledon Grandstand: 1.25 Rugby League: Australia v. England. 1.45 Wimbledon. 18.25 The Long Walk. 18.35 The Men's Singles Final. Ladies' Doubles Final. Mixed Doubles Final. 5.20 News. 5.30 Sports/Regional News. 6.05 Jim'll Fix It. 6.40 Saturday Night at the Movies: "Titanic," starring White City. 8.15 Seaside Special. 8.00 Cannon. 8.15 Wimbledon. 10.00 That's Life with Esther Rantzen. 10.40 Moira, starring Moira Anderson. 11.00 Eleventh Hour. 11.40 Ghost Story. All Regions as BBC 1 except at the following times:— 10.15-10.25 a.m. Boss Cat (cartoon). 10.25-10.55 Sporting Choice: Lille and Thompson. 10.55-1.10 p.m. Cricket: Glamorgan v. Australia. Commentary and progress reports during Grandstand. Scotland—11.20 a.m. Scottish News Summary. Northern Ireland—6.00-6.05 p.m. Northern Ireland News and Sport. 12.30 a.m. Northern Ireland News Headlines.

#### BBC 2

4.05 p.m. Saturday Cinema: "From The Earth To The Moon," starring Joseph Cotten, George Sanders and Debra Paget. 5.40 Wimbledon Lawn Tennis. 7.25 News and Sport.

#### 7.40 Network

8.10 Two Women by Alberto Moravia. Part 2. 8.00 The Tribal Eye. 8.50 Match of the Day from Wimbledon. 10.40 News on 2. 11.10 News Night. 11.15 The Old Grey Whistle Test. 11.45 The Nightingale Movie: "The Siege of Sidney Street," starring Donald Sinden.

#### LONDON

9.20 a.m. Open Day. 9.45 Play a Tune with Ulf Goran. 10.10 Rugby League: Australia v. England. 1.45 Wimbledon. 18.25 The Long Walk. 18.35 The Men's Singles Final. Ladies' Doubles Final. Mixed Doubles Final. 5.20 News. 5.30 Sports/Regional News. 6.05 Jim'll Fix It. 6.40 Saturday Night at the Movies: "Titanic," starring White City. 8.15 Seaside Special. 8.00 Cannon. 8.15 Wimbledon. 10.00 That's Life with Esther Rantzen. 10.40 Moira, starring Moira Anderson. 11.00 Eleventh Hour. 11.40 Ghost Story. All Regions as BBC 1 except at the following times:— 10.15-10.25 a.m. Boss Cat (cartoon). 10.25-10.55 Sporting Choice: Lille and Thompson. 10.55-1.10 p.m. Cricket: Glamorgan v. Australia. Commentary and progress reports during Grandstand. Scotland—11.20 a.m. Scottish News Summary. Northern Ireland—6.00-6.05 p.m. Northern Ireland News and Sport. 12.30 a.m. Northern Ireland News Headlines.

#### BBC 2

4.05 p.m. Saturday Cinema: "From The Earth To The Moon," starring Joseph Cotten, George Sanders and Debra Paget. 5.40 Wimbledon Lawn Tennis. 7.25 News and Sport.

#### ATV Midlands

9.15 a.m. General News. 10.15 a.m. Match of the Day. 10.40 News on 2. 11.10 News Night. 11.15 The Old Grey Whistle Test. 11.45 The Nightingale Movie: "The Siege of Sidney Street," starring Donald Sinden.

#### LONDON

9.20 a.m. Open Day. 9.45 Play a Tune with Ulf Goran. 10.10 Rugby League: Australia v. England. 1.45 Wimbledon. 18.25 The Long Walk. 18.35 The Men's Singles Final. Ladies' Doubles Final. Mixed Doubles Final. 5.20 News. 5.30 Sports/Regional News. 6.05 Jim'll Fix It. 6.40 Saturday Night at the Movies: "Titanic," starring White City. 8.15 Seaside Special. 8.00 Cannon. 8.15 Wimbledon. 10.00 That's Life with Esther Rantzen. 10.40 Moira, starring Moira Anderson. 11.00 Eleventh Hour. 11.40 Ghost Story. All Regions as BBC 1 except at the following times:— 10.15-10.25 a.m. Boss Cat (cartoon). 10.25-10.55 Sporting Choice: Lille and Thompson. 10.55-1.10 p.m. Cricket: Glamorgan v. Australia. Commentary and progress reports during Grandstand. Scotland—11.20 a.m. Scottish News Summary. Northern Ireland—6.00-6.05 p.m. Northern Ireland News and Sport. 12.30 a.m. Northern Ireland News Headlines.

#### BBC 2

4.05 p.m. Saturday Cinema: "From The Earth To The Moon," starring Joseph Cotten, George Sanders and Debra Paget. 5.40 Wimbledon Lawn Tennis. 7.25 News and Sport.

#### ATV Midlands

9.15 a.m. General News. 10.15 a.m. Match of the Day. 10.40 News on 2. 11.10 News Night. 11.15 The Old Grey Whistle Test. 11.45 The Nightingale Movie: "The Siege of Sidney Street," starring Donald Sinden.

#### LONDON

9.20 a.m. Open Day. 9.45 Play a Tune with Ulf Goran. 10.10 Rugby League: Australia v. England. 1.45 Wimbledon. 18.25 The Long Walk. 18.35 The Men's Singles Final. Ladies' Doubles Final. Mixed Doubles Final. 5.20 News. 5.30 Sports/Regional News. 6.05 Jim'll Fix It. 6.40 Saturday Night at the Movies: "Titanic," starring White City. 8.15 Seaside Special. 8.00 Cannon. 8.15 Wimbledon. 10.00 That's Life with Esther Rantzen. 10.40 Moira, starring Moira Anderson. 11.00 Eleventh Hour. 11.40 Ghost Story. All Regions as BBC 1 except at the following times:— 10.15-10.25 a.m. Boss Cat (cartoon). 10.25-10.55 Sporting Choice: Lille and Thompson. 10.55-1.10 p.m. Cricket: Glamorgan v. Australia. Commentary and progress reports during Grandstand. Scotland—11.20 a.m. Scottish News Summary. Northern Ireland—6.00-6.05 p.m. Northern Ireland News and Sport. 12.30 a.m. Northern Ireland News Headlines.

#### BBC 2

4.05 p.m. Saturday Cinema: "From The Earth To The Moon," starring Joseph Cotten, George Sanders and Debra Paget. 5.40 Wimbledon Lawn Tennis. 7.25 News and Sport.

#### BBC Radio London

260m and 94.9 VHF. 4.00 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As Radio 2. 9.30 a.m. As Radio 2. 10.30 a.m. As Radio 2. 11.30 a.m. As Radio 2. 12.30 a.m. As Radio 2. 1.30 a.m. As Radio 2. 2.30 a.m. As Radio 2. 3.30 a.m. As Radio 2. 4.30 a.m. As Radio 2. 5.30 a.m. As Radio 2. 6.30 a.m. As Radio 2. 7.30 a.m. As Radio 2. 8.30 a.m. As



## Your savings and investments

## The takeover round

BY CHRISTOPHER HILL

ONE point last year it was that the takeover round was a completely new unit trust group to be launched (with a few old faces in the management) and this week Abacus has announced the launch of a new unit trust group. The new group, called the Abacus Unit Trust, has a total value of £11m. and the total value of the group is £14m. and the subscription amounts to 3½ per cent of assets.

It is considerably more than the 23-3 per cent which was paid for London Wall in this year and part of payment is in new Abacus Ordinary shares—giving an increase of nearly 10 per cent in the merchant bank's issued capital.

Abacus is one of the "wild" in the industry, having been launched in June 1970 by a group of who may be said to have started and more unit trust management groups than any man alive (or S & P and then Javon Drayton). Apart from Javon Drayton, none of the funds performed spectacularly, the attraction to Abacus is that there is a range of funds and the unit trust does provide instant with.

Moreover, the bank is still hot the takeover trail and is templating purchasing yet other group (with £20m. in assets) in the not-too-distant future. It has also been doing well with the Eastern and International Fund which it launched recently. This now amounts to half the value of Abacus group and there are plans to launch a parallel fund Jersey.

For the unitholders there is to be advantages in the new, for the Javon method of giving a stockbroker to the day-day management of each fund was never completely satisfactory and Abacus Unit Trust is taking fund management seriously—aiming to get its assets up to £50m. over a comparatively short period. Unitholders (and Abacus Unit Trust) by also be reassured that Abacus is contracted to buy on. They also get the

## GOLD

## After the sale

AS FORECAST, the sale of gold bullion by the U.S. authorities on June 30 did not turn out to be such a fiasco as the previous sale on January 1—when the world market for gold took a knock as a result of the distinct lack of enthusiasm in the U.S. for buying gold.

What the dealers in London are saying is that the success of the sale seems to put a floor to the gold price at around the U.S.\$165 level, but that the domestic price of Krugerrands in the U.K. is distorted by the recent Government restrictions on the import of fresh supplies of coin. What they mean in effect is that more coins are appearing in the U.K. market than they believe ought to be about—implying that there is evidence of smuggling.

But this does suggest that,

given anything other than a completely restricted supply of Krugerrands, the premium (currently 10½ per cent) is a pretty delicate flower. This does not detract from gold in the shape of a "hedge" investment, but it does underline the point that one is unlikely to make a fortune out of the metal over the next year. But one can never tell in these days of recurring currency crises and it is certainly much better for gold to be considered as a conservative type of investment (which was always its traditional role) rather than to hold the centre of the stage as the panacea for all inflationary problems.

## INVESTMENT TRUSTS

## Marketability

VARIOUS small ripples have disturbed the tranquility of the investment trust pool in recent weeks, but they have not created any great excitement owing to the relative unmarketability of the trusts involved—for example the prospective merger between General Investors and Trustees and City and Gracechurch.

With this in mind, it was interesting to hear this week that the investment trust expert of one major stockbroker firm is working on a survey of marketability in the investment trust field. And considering that unmarketability is the principle reason why smaller trusts remain on high discounts to asset values, it should be valuable—if only as a spur to more amalgamations and mergers. But the information will be difficult to gather for the jobbers are not exactly anxious to declare all on the subject.

## The case for gilts

BY ERIC SHORT

THE investment potential of War Loan, they should reflect on gilt-edged stocks tends to be two factors. They must be certain that the proposed measures will achieve their more glamorous media—objective and the gilt-edged equities, property bonds, etc. stockbroking specialists are not yet opportunities arise in the by any means convinced that gilt-edged sector from which investors can profit—both in terms of income and capital—must decide whether these conditions would not produce provided, as with all investments, they have read the higher capital appreciation from equity investments.

Such an opportunity could be presenting itself in the gilt-edged market now following this week's announcement by the Chancellor of proposed for over one year. Therefore measures to combat inflation, over the short term, gilts lose This has brought an immediate positive reaction from the equity market, but the gilt-edged sector seems to be awaiting details before deciding longer-term view to obtain which way to move. It cannot completely ignore what is happening to overseas interest rates and those in the U.S. now appear to be rising again.

Nevertheless, the long-term yield on gilts is at present about 14½ per cent. Should the objectives of the Chancellor be achieved and inflation reduced to 10 per cent this year, then investment in such gilts will hold out two advantages.

The first is that it will give a real return of several percentage points—a feature that has been absent from most forms of investment over the past two years. In such circumstances investors seeking income could consider long-term gilts as an investment.

Second, it will offer considerable capital appreciation as the prices rise to adjust to the new conditions. The classical investment strategy of interest rates are expected to fall is to invest as long as possible.

But before investors rush into

happen, the stocks can be held in their own right on terms that are not much different from the longer dated stocks. The favourite stock is Transport 3 per cent. 1978-88. Should interest rates remain unaltered, its price should rise steadily as it nears the redemption date. There are one or two other low coupon stocks in this term range—Treasury 5 per cent. 1988-89 and the two long-term low coupon stocks—Gas 3 per cent. 1990-95 and Funding 3½ per cent. 1999-04.

Investors have to decide how long or short they wish to invest. Whatever the circumstances, however, the gilt-edged market is very complex and expert advice is desirable before taking the plunge. But gilts should not be rejected out of hand as investment vehicles simply because they are "fixed-interest."

## Coats Patons

NEXT FRIDAY is the day of the annual general meeting of Coats Patons when the crucial vote is taken on the adoption of the annual report and accounts. The controversy over the company's decision not to pay a dividend, but to make a bonus issue, has been discussed in detail. What is important now is to consider the lessons to be learnt. On the company side, there is the need to give full explanations to all shareholders as to why certain courses of action are being taken and not to ignore the requirements of shareholders—many private holders needed income. Shareholders, for their part, must not let short-term considerations blind them to the long-term effects of decisions on the company.

## Reactions to the package

BY TERRY GARRETT

THE SPEED with which Mr. Healey's package was announced on Tuesday with the aim of reducing inflation to 10 per cent by the end of next year, was obviously prompted by the slide in sterling during the previous week. Although details are still sketchy, the initial reaction was favourable, with sterling closing at 27.8 per cent, below the December 1971 levels on Tuesday against 28.9 per cent, on Monday. The Stock Market meanwhile staged a record 23.7 points rise in the 30-share index.

Since these initial reactions the market is now taking a more sober view. Talking to a number of investment managers, it is plain that all are awaiting the details of the White Paper before committing themselves. But the major cause of concern is not about controls over industry but the stance the unions will take. But the consensus is that Mr. Healey's promise of action to check the rate of price increases as inflation slows, holds few fears for the corporate sector. Basically it is thought that the Chancellor has seen the effects of putting too much strain on the liquidity of industry last year, and it seems unlikely that he will wish to revive such pressures.

This impression is strengthened when one remembers the concessions to industry last November in the form of tax relief on stock appreciation. After a concession of that magnitude it is considered doubtful that he will reverse his thinking. But, the Chancellor will doubtless have to make some moves to contain price

risers in order to balance the package in an attempt to win over the "left."

Such moves might be in the form of stricter margin restraints, which may be enough to appease critics of wage controls. However, this would have only a limited effect on the overall profitability of industry because many companies are operating below the restricted margin level anyway, as the effects of recession bite into order books.

Assessments of what these measures will mean to the market were tentative. A sideways movement over the next few months seemed the generally cautious forecast. There are even fewer indications for particular sectors, but one manager did make the point that if wage inflation drops to 10 per cent, there will be a profits boost to contractors who have built-in wage rises of 30 per cent, when tendering for contracts to be completed with the next year or so.

As for the tightening of dividend restraint, this is basically taken as a bad move but views vary on how serious it is. Few would agree that we are now back to P/Es a measurement of worth, but one manager at least reckoned that he was more worried about possible dividend cuts than the difference between a 10 and 12½ per cent. increase. He also pointed out that many companies which wanted to raise their dividends beyond the limits were already doing so by means of rights issues, takeovers, etc. But other income fund managers reckoned that they now had to look harder for companies with existing high yields.

## Compound rate

BY ERIC SHORT

SOME INVESTORS are still a little confused as to exactly how the repayment value is calculated on the retirement index-linked bonds and exactly how it is related to inflation. The difficulty arises in combining consecutive annual inflation rates into the equivalent rate

over the five-year investment period. It is incorrect to add the rates together, yet some people tend to do this.

The generally accepted definition of the rate of inflation (although there are other measures) is the percentage change in the Retail Price Index (RPI) over a given period. It is this percentage change that is used to determine the repayment value of the bonds.

The level of the RPI in May, when the scheme was launched, was 134.5. If by next May it has increased to 161.4, then the inflation rate for the first year will have been 20 per cent—the percentage rise from 134.5 to 161.4. If by the following May, the index stands at 215.2, the inflation rate for the second year will have risen to 33½ per cent—the percentage rise from 161.4 to 215.2. But the inflation rate over the two years is 60 per cent—the percentage rise from 134.5 to 215.2—not 53½ per cent.

This shows the compounding effect of successive rates and explains how, in my article last week, the repayment value of a £10 bond after two years with successive inflation rates of 20 per cent and 33½ per cent, becomes £16. Incidentally, a reader has pointed out that investors can obtain income from the scheme, the theme of last week's article, simply by taking out a £500 bond, cashing it on the first anniversary and reinvesting £500 while retaining the balance as income.

## TERMINAL BONUSES

## Restoring the cuts

INVESTORS in traditional life policies were shaken earlier this year when they discovered that terminal bonuses could be cut as well as increased. It brought home the point that if they are intended to reflect capital appreciation over the term of the policy then, when markets fall, as they did with a vengeance last year, so do bonus rates.

Traditional life company actuaries tend to work on average rather than market values: therefore the cuts in bonus rates came well after the market fall and true to form the reaction by actuaries to the market recovery is similarly delayed. This week's announcement from Scottish Widows' and General, of a full restoration of the previous terminal bonus cuts, brings the known number of companies who have thus reacted to four, the others being Norwich Union and Life.

So investors in these companies with contracts about to mature will receive roughly the same as the amounts paid out on similar policies last year. But what about the policyholders whose contracts matured in the first six months of the year? Only Scottish Widows' has given them a thought. An ex gratia payment is to be made to such persons which will partially restore the shortfall on their maturity values—a welcome and realistic move. Other life companies should take note.

## First Public Offer of National Westminster's Extra Income Trust

## Why an Extra Income Trust?

This week a new unit trust from National Westminster joins the Group's existing range of four trusts. The Extra Income Trust with its relatively high estimated yield of 9.00% p.a. gross is designed to provide for the investor who requires a high level of income, and yet who still looks for a degree of capital appreciation.

## How will the Trust be managed?

The investment management of the new Extra Income Trust will be conducted by the same panel of experts from the National Westminster Group and Commercial Union who successfully manage the other four National Westminster trusts. All four of these trusts are amongst the top performing unit trusts over the last 12 months, and each has outperformed both the Unitholder Index and the FT All-Share Index over the period from its launch to date—an outstanding management record.

## How will the Trust be invested?

To meet the aim of providing investors with a high and progressively rising income, together with the prospect of reasonable capital growth, the Managers will apply a three part investment strategy.

The largest part of the portfolio will go into the shares of good quality major U.K. companies.

## Estimated yield

9.0%  
p.a. gross

These shares will provide some income—but more importantly they should provide capital growth, together with increasing income over the long-term.

Initially about one fifth of the portfolio will be invested in preference shares in order to provide a dependable level of high income. The balance of the fund will be invested in smaller companies which offer a high yield, and whose shares are readily marketable.

## Why launch the new Trust now?

However skilful and knowledgeable the investment managers may be, they can never guarantee that any particular moment will prove the ideal one to start a unit trust: unit trusts are invested in shares, and share prices fluctuate—often unpredictably.

The price of units and the income from them can go down as well as up.

A unit trust should always, therefore, be regarded as a long-term investment. The Managers do consider, however, that there are a number of reasons why the present may prove to be a favourable time to start an investment.

The country undeniably faces severe economic problems—but there are now indications that the Government intend taking firmer action to check the wage-price inflationary spiral. At the same time it would appear that the country's balance of payments situation has begun to improve.

And underlying these promising indications is the fact that the general level of share prices is very substantially below the levels seen in 1968 and 1972—and so there is considerable scope for Stock Market improvement over the long term.

## How do you invest in the Trust?

As this is the first public offer of Extra Income Units, they are available at the issue price of 50p. The minimum initial investment is 400 units and the price is fixed until 18 July 1975. To invest you simply need to return your cheque with the application form below or take it into any branch of National Westminster Bank.

## Additional information:

Applications will not be acknowledged, but certificates will be issued on or before 29 August 1975.

Distributions of income are made half yearly on 1 December and 1 June. Investments made now will qualify for the first distribution of approximately 4½ months income on 1 December 1975.

If you wish, you can buy units through your own bank, stockbroker, solicitor or accountant.

After the close of this offer units can always be bought at the prevailing offer price. The current offer and bid prices are published daily in the press. To sell units simply return your certificate (.) duly endorsed, and you will receive the cash value in a few days. The offer price of units includes a preliminary charge of 5% and allows for commission to approved agents of 1.2%. Thereafter, a half-yearly charge of 18.75% (plus VAT) for each £100 value of the trust fund will be deducted from the gross income of the trust to cover administration costs. Reductions in the initial charge are available for large purchases.

The management company is National Westminster Unit Trust Managers Limited.

Directors: Sir John Pridemore OBE, Chairman; K.H. Allen; R.W. Atkinson; J.A. F. Biny; J.F. Evans; P.J. Jacobs; R.W. Johnston; T. McMillan; G.P. Pickering; F.P. Sandilands CBE.

National Westminster Unit Trust Managers Limited is a member of the Association of Unit Trust Managers.

The trustee is Royal Exchange Assurance.

This is a "wider-range" trustee investment.

\*Should the Managers' current selling price for units vary by more than 2½% from the offer price, the offer may be closed early.

## PROTECT YOUR CAPITAL

Put your money into our trust  
—it has 127 years of  
investment experience behind it.

With a Canlife Unit Trust you gain access to the management experience of the Canlife Life Assurance Company. One of the world's great investment organisations currently managing more than £600,000,000 for 500,000 people.

Canlife funds enjoy day-to-day expert investment management. They give you a worthwhile stake in carefully chosen, soundly based companies. The portfolios include U.K. shares with significant overseas earnings, and companies based abroad, thus offering opportunities to prosper both from domestic and worldwide developments.

Remember the prices of units and the income from them can go down as well as up, and your investment should be regarded as a long-term one.

Investment in real assets is, in our view, one of the best ways to protect your capital against inflation in the long term. Two funds are available for your investment.

Canlife General Fund—designed to provide a balance between solid long-term capital growth and a reasonable income, and Canlife Income Fund—designed to provide a good level of income now, with sound prospects for long-term capital appreciation.

Both funds have Distribution Units, for investors who require a half yearly income, and Accumulation Units, which provide for the automatic re-investment of income—a convenient way to build up capital. Units can also be acquired in exchange for your quoted securities.

On the 2nd July the offer prices of distribution units and estimated gross yields were:

	26.7p	4.6%
CANLIFE GENERAL		
CANLIFE INCOME	26.7p	4.6%
	8.92%	

Further Details: Canlife Units are offered at the offer prices prevailing at the time of application. Repurchase Units can be cashed in at any time for the full value of the units, less the initial charge.

Price: Offer price includes an initial charge of 5%. Out of this, 1.2% will be paid to Authorized Agents. Income Distributions of income are made on the 1st March and 1st September for the General Fund and 1st June and 1st December for the Income Fund. A half-yearly charge of 18.75% (plus VAT) is deducted from the Trust's income to defray expenses, including the Trustee's fee, and is allowed for in the gross annual value.

Trustee: Midland Bank Trust Company Limited.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Managers: Canlife Life Unit Trust Managers Limited, 11 St. James's Place, London SW1A 2AD.

Canlife unit trusts

Registered No: 100294 Registered Office: 11 St. James's Place, London SW1A 2AD

Not for sale to residents of the Republic of Ireland



## Finance and the family

## A transfer of registers

BY OUR LEGAL STAFF

I refer to your reply headed "An Australian resident's tax on June 7. I am a U.K. resident and hold shares registered in Australia in the name of nominees and have been advised that these could be transferred to my name on the London register, but that 2 per cent. stamp duty would have to be paid. Do I understand from your reply that the investment currency premium might also have to be paid?"

Our published answer was not intended to imply that a U.K. resident would be required by exchange control restrictions to purchase investment currency in connection with the transfer of shares from an Australian register to a U.K. register. It is difficult to avoid all ambiguity in necessarily brief answers.

If your Australian dividends have hitherto been collected without deduction of U.K. tax and have consequently been the subject of Schedule D Case V assessments on the preceding year basis, the deduction of U.K. tax by the U.K. paying agents from dividends paid after the transfer will probably necessitate the revision of one or two years' assessments. Section

124(2) of the Taxes Act provides that "where income is received by a person who has previously been charged or chargeable to income tax under Case IV or V of Schedule D becomes at any time chargeable to income tax by deduction under the provisions of Section 159... (the cessation provisions) shall apply as if the gains made on contracts made security or possession were a source of income which he ceased to possess at that time." only imposed on gains arising from contracts made after March 28, 1974, and in this respect our reply was misleading although this is not generally made clear in the notes which accompany return forms.

## Tax position of an annuity

Referring to your reply of March 15 headed Tax Position of an Annuity, I myself bought some similar bonds in 1971 and was assured by the issuing company that no income tax was payable on the proceeds, though it could be liable to surtax. Was this not correct? Our reply stated the position

following the passing of the Finance Act 1975 which contains provisions (Sch. 2, paras 12 and 17) to charge the gain on life annuity contracts at the basic rate (in addition to the charge at the higher rates plus surtax up to 1972-73, which applied, if appropriate, to the gains made on contracts made after March 18, 1968). However, the charge to basic rate tax is imposed on gains arising from contracts made after March 28, 1974, and in this respect our reply was misleading although this is not generally made clear in the notes which accompany return forms.

## Pension from abroad

In your reply under the heading Pensions from Germany (March 15) you state that "it is confirmed that the amounts of overseas pensions arising up to April 1974 can now be remitted, without their being subject to U.K. tax." Can you say who confirms this, as I understood the point is disputed? Our interpretation is based on

the wording of section 122(1) of the Income and Corporation Taxes Act 1970 (as amended by the Finance Act 1974) which, so far as is relevant, reads: "Section 50 of the Income and Corporation Taxes Act 1970 (formerly section 11 of the Finance Act 1956) provides that the question of a person's residence shall be decided without regard to a place of abode maintained for his use in the U.K. where he goes abroad to work full-time in a trade, profession, vocation, office or employment and no part of the trade etc. is carried on in the U.K. (except that in the case of an employment any duties which are merely incidental to the duties performed outside the U.K. can be ignored)."

## Status of a visitor

I refer to your reply of March 1 in which you stated that ownership of a flat in the U.K. could affect the residential status of a person who visited that country. My impression is that what matters is the length and frequency of visits which

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

is what matters, and that ownership of the flat, certainly if it is not relevant. Do you not agree? Section 50 of the Income and Corporation Taxes Act 1970 (formerly section 11 of the Finance Act 1956) provides that the question of a person's residence shall be decided without regard to a place of abode maintained for his use in the U.K. where he goes abroad to work full-time in a trade, profession, vocation, office or employment and no part of the trade etc. is carried on in the U.K. (except that in the case of an employment any duties which are merely incidental to the duties performed outside the U.K. can be ignored). However, if a person goes abroad permanently other than for the above purposes and has accommodation (for example a house or apartment) available for his use in the U.K. he is regarded as resident in any tax year in which he sets foot in the U.K. and as remaining ordinarily resident if he comes here in most years (paragraph 20 of leaflet LR30 issued by the Inland Revenue). The question of whether accommodation is "available" is a question of fact.

## Insurance

## Freedom of choice

BY JOHN PHILIP

IN THIS age of consumer protection it is almost axiomatic that anything that deprives the citizen of his freedom of choice is not just questionable, but almost certainly undesirable, if not positively reprehensible: and anyone who, for whatever reason seeks to restrict that freedom must now very much be under attack from the Office of Fair Trading.

In the insurance field for as long as any of us can recall, it has been customary for a building society, when making a house purchase loan, to require the borrower to protect his property by a policy written in the joint names of society and borrower, and purchased from an insurer specified by the society.

Convenience One justification for this attitude has been administrative convenience—that each society has been able to ensure the continuance of the many thousands of policies that protect its investments, much more simply than if they were spread over the whole of the insurance market.

Another, and you might be forgiven for thinking perhaps a more cogent reason, has been the special commission rates that building societies have obtained from insurers in exchange for placing a volume of business with them and which in times of financial strain have had some small influence on the interest rates the societies have charged their borrowers.

For some while the Office of Fair Trading has been discussing this practice with the Building Societies Association, and in May the BSA announced that it was recommending to its members that they should now at least three insurers, and that if the borrower wishes he can propose yet another insurer, not being one nominated by the society.

In fact, this is not such a great concession by the BSA for most building societies have always had a panel of insurers, and directed borrowers' insurance either in rotation or by some other predetermined selection system: to name three insurers rather than one insurer will merely replace that selection by borrowers' random

choice which, in the long run, this is true not just in the realms of household insurance, but of virtually every business, even motor insurance. The policyholder does not choose with the years, which changes may well and his insurers far less sympathetic that part of his claim which is at the fringe of his policy will not be right outside the asset the policyholder should not throw away.

Just as the building society has directed its borrowers particular insurers, so also composite insurance companies have required and still require the endowment mortgage cover his house or flat with own home-buildings policy, a company thus has a triple asset of income from the borrower from his life assurance premium from the interest on his loan, and from his be premium.

I think it must be agreed in this practice of the composite insurance companies is of a different character than that of the building societies—company wearing its investment hat is sure that if the home damaged or destroyed by insured peril, it has about security, a fact which must be of mind as well. Of course there is no commission aspect the background, wherein a charge of undue influence is based. So I do not think follows from the BSA's agreement that the present practice of composite insurance companies will be changed.

Service Though quality of service is variable both from underwriting and claims handling aspects, I doubt that any well established insurer would be rejected on the grounds of inadequate service: certainly if this should happen the insurers would need to take a good hard look at their organisation and methods.

Finally, the majority of insurers are prepared to give building societies undertakings when those societies direct business to them, so why not in respect of an individual policyholder's business? However, these are but recommendations of the BSA, which individual members can adopt or ignore as they wish: and though we must expect all members of the BSA to fall into line, it may be some while before the new rules are effective.

The new agreement does not mean that the host of existing building society borrowers can think about changing insurers at the next renewal—for the BSA's agreement applies to new mortgages. But even if it could, a change of insurer is not lightly to be made and certainly not for the saving of a few pence per cent. of premium.

few pence per cent. of premium. This is true not just in the realms of household insurance, but of virtually every business, even motor insurance. The policyholder does not choose with the years, which changes may well and his insurers far less sympathetic that part of his claim which is at the fringe of his policy will not be right outside the asset the policyholder should not throw away.

Just as the building society has directed its borrowers particular insurers, so also composite insurance companies have required and still require the endowment mortgage cover his house or flat with own home-buildings policy, a company thus has a triple asset of income from the borrower from his life assurance premium from the interest on his loan, and from his be premium.

I think it must be agreed in this practice of the composite insurance companies is of a different character than that of the building societies—company wearing its investment hat is sure that if the home damaged or destroyed by insured peril, it has about security, a fact which must be of mind as well. Of course there is no commission aspect the background, wherein a charge of undue influence is based. So I do not think follows from the BSA's agreement that the present practice of composite insurance companies will be changed.

Tenancies As I said a few weeks ago there is no standard form tenancy agreement in this country, though in many lease there are clauses requiring a tenant to insure, perhaps the joint names, perhaps with specified insurer or only in this sphere the Office of Fair Trading cannot hope to have much impact for there are too many landlords. If this aspect of the insurance clauses in tenancy agreements BSA's agreement applies to new mortgages. But even if it could, a change of insurer is not lightly to be made and certainly not for the saving of a few pence per cent. of premium.

## Wife's earnings taxation

Could you let me know at what total income figure it is advantageous for a married couple to be taxed separately, that is the wife's earnings taxed as if she were a single person.

My husband now earns around £4,680, and my salary has been increased to £4,300. Apart from this we have building society interest payable to us of around £100 yearly, and I have some few dividends of about £50 per year. We have no children or other dependants. My husband is due to retire at age 60 if he wishes a year from now, viz. June, 1976. Can this agreement, if we desire, be revoked immediately we wish?

There is no universal rule of thumb to determine quickly

whether separate taxation of a wife's earnings will be advantageous. The only safe rule is to estimate the potential tax liabilities both ways before each tax year starts, and to remember to do the calculations again as soon as possible after the actual figures of income, etc. are known. You are only allowed six months (that is up to October) in which to revoke an election made for the previous year, or to make a retrospective election if you originally decided not to. For 1974-75 therefore, you could make an election at any time up to (Sunday) October 5, but notice of election must actually be in the tax inspector's hands by that date. For the current year 1975-76, you can make an election as soon as you wish, and you will be able to revoke

it at any time up to October 5, 1976. Notice of election has to be given on a special form (form 14), which must be signed by both your husband and yourself; similarly, notice of revocation (on form 14-1) requires both signatures. The Revenue have power to accept late notices of election or revocation, in special circumstances. We take it that neither of you is paying life insurance premiums or has outgoings such as mortgage interest, payments under deed of covenant, etc. If this assumption is wrong, it may invalidate the following advice. On the basis of your figures (and assuming that you joint total investment income is £150 net receivable), the effect of an election for separate taxation of wife's earnings for 1975-76 would be as follows:

	Without election	With an election
Wife's salary	4,300	4,300
Husband's salary	4,680	4,680
U.K. dividends (wife)	50	50
7-13ths tax credit	27	27
Building society interest	100	100
7-13ths notional tax	53	53
Less: Personal allowances	1,630	675
	£7,580	£4,235
Tax at basic rate:		
35 per cent. on first £4,500 ...	1,575	£1,482
Tax at higher rates:		
40 per cent. on £ 500	200	
45 per cent. on £1,000	450	
50 per cent. on £1,000	500	
55 per cent. on £ 530	289	
	£3,044	£2,751

You should clearly make an election for the current year 1975-76 (remembering to check the actual figures after the year is over) and also check your position for 1974-75 to see whether an election should be made for that year (before October 5). An explanatory leaflet (IR13) is obtainable from most tax inspectors' offices.

## CAREERS AND EDUCATION

## Why Farmer Mick tries to sleep late

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

"TAKE THE BOY who is working for me," said Mick the farmer. "When he started he had £400 saved up, wanting to buy his own farm. He has spent it now, honest truth, every penny; and he spends every penny of his wages every week. I say he is right. What is it worth saving for any more, boy?"

The message, spoken in an accent best described as Slavonic Welsh, was surprising. It came from a short powerful man who, with his new wife in the early 1960s, worked day and night over seven years accumulating £1,100 to start their first farm. It was also significant in the sense that this farmer's changed attitude to saving and to the 230-acre farm he has built up since suggests why this country seems headed for a shortage of milk.

## A struggle

Mick can tell you of half a dozen other farm-owners within a few miles radius of his fields on the Dorset-Devon border who like himself — are currently disciplining themselves to a couple of extra hours in bed of a morning. This is a bit of a struggle for him in particular, because he lost the habit of relaxation in boyhood.

A farming career was the last thing that would have been predicted for him when he was born, the son of a police official, in Poland 30 years ago. After Hitler's invasion, 14-year-old Mick decided with a group of other youths to flee the country and, after becoming separated from his friends, found himself fighting with Tito's partisans in Yugoslavia.

He arrived in 1946 and spent the next couple of years moving among displaced persons' camps. Various jobs were tried, including coal-mining, but he lived overwhelmingly by his wits, which his wartime experiences had qualified him superbly to do. After a while he decided to go to America and travelled to Southampton intending to cross the Atlantic as a seaman and jump ship on arrival.

## Money gone

"There were plenty of jobs for Poles on ships going to India and Australia, but none on ships going to America, you see. All the Poles wanted to go there and had the same idea as me. The shipping companies knew us, and they said if we wanted to go to America we would have to put our names on the proper list because there was a quota. But I knew my turn in the quota was something that would never come. So I just kept going around trying to get a ship until all my money was gone and I had to go to the employment exchange."

At the exchange he was told that a farmer close to Southampton wanted a man who could milk cows. Mick couldn't. But he said he could operate. A few hours help in and although his new employer soon found him out, he was allowed to stay in the job provided he worked hard and learned fast. As a result he found he had a natural bent for farmwork and, marrying, set himself the target of a farm of his own.

Seven years later he got the chance of buying for £3,000 a farm in mid-Wales. When the mortgage was arranged and the initial fees were paid, his £1,100 savings were down to £350. He bought an old tractor and trailer, loaded this with wife and all their movable possessions and drove it at five miles an hour to their new home in Cardiganshire. The journey took a week. For the next three years or so, Mick and his wife farmed and earned extra money by pro-

viding board and lodging for tourists and running a cut-price taxi service at night. The money went to developing the farm to the extent that they were offered £8,000 for it. Wanting more scope for expansion, they sold and bought for £7,000 the nucleus of their present farm at Monckton Wyld.

The couple's journey back from Wales bore no resemblance to their going. They travelled in a special train of 12 coaches filled with livestock and equipment. Mick, with a bit of typically astute dealing, had managed to charter the train from British Rail for £115.

Over the 17 years since, he has carried on wheeling and dealing, adding to land, animals and equipment, clearly enjoying it all—even the weeks in the bitter winter of 1962-63 when the needs of his livestock allowed him only an hour or two of sleep, fully clothed, at any one time.

## Individualistic

His business methods have been highly individualistic, conforming only to the unwritten countryside code which permits one person to outwit another provided that this does not transgress a basic rule of co-operation. A few hours help in and although his new employer soon found him out, he was allowed to stay in the job provided he worked hard and learned fast. As a result he found he had a natural bent for farmwork and, marrying, set himself the target of a farm of his own.

Seven years later he got the chance of buying for £3,000 a farm in mid-Wales. When the mortgage was arranged and the initial fees were paid, his £1,100 savings were down to £350. He bought an old tractor and trailer, loaded this with wife and all their movable possessions and drove it at five miles an hour to their new home in Cardiganshire. The journey took a week. For the next three years or so, Mick and his wife farmed and earned extra money by pro-

viding board and lodging for tourists and running a cut-price taxi service at night. The money went to developing the farm to the extent that they were offered £8,000 for it. Wanting more scope for expansion, they sold and bought for £7,000 the nucleus of their present farm at Monckton Wyld.

The couple's journey back from Wales bore no resemblance to their going. They travelled in a special train of 12 coaches filled with livestock and equipment. Mick, with a bit of typically astute dealing, had managed to charter the train from British Rail for £115.

Over the 17 years since, he has carried on wheeling and dealing, adding to land, animals and equipment, clearly enjoying it all—even the weeks in the bitter winter of 1962-63 when the needs of his livestock allowed him only an hour or two of sleep, fully clothed, at any one time.

## No future

Mick still has approximately 100 head of beef cattle as well as his sheep, pigs, horses and crops. Farming these will still be a full time job, but will demand less labour than the dairy herd did, although he is guarding against a personal shortage of milk by keeping a couple of cows for family use. Admittedly the change means he is now going backward in other hand, are designed to encourage collaborative research and close involvement of ICI personnel, he said. "Our main criterion is that there should be considerable mutual interest in the projects."

## ICI backs more university research

By Roy Dafter

TWO CONTINENTAL universities are among institutions taking part in a new series of joint research projects with ICI. The projects are designed to extend knowledge in fundamental research, of joint schemes involving both ICI and academic staff. They will eventually replace the post-doctoral research fellowships which have been supported by ICI for the past 30 years. (The last series of fellowships were awarded this year to 23 academics.)

Seven joint projects have been accepted this year including research into novel methods of controlling insect behaviour by chemosensory communication. This scheme is being undertaken at Southampton University in conjunction with ICI's Plant Protection Division.

Liege University, one of the Continental institutions taking part in the joint ventures, is looking at fundamental aspects of new high performance polymeric materials—work which is of interest to ICI Europe, the group's polymer and plastics laboratories and the corporate laboratories, all of whom will be involved.

Utrecht University is teaming up with ICI's organic division on research into dispersion stability in polar organic liquids.

The joint projects were started last year when five schemes were approved. ICI contributed some £20,000 last year and a further £60,000 is being earmarked this year. In 1976 the figure is likely to be about £120,000. Eventually, when the fellowship scheme has worked itself through, more than £150,000 a year will be contributed to the joint projects.

## Janssen may open U.K. research unit

JANSSEN Pharmaceutica, part of the Johnson and Johnson group, may establish a research unit in the U.K., provided the economic climate improves. Dr. Paul Janssen, the Belgium company's director of research, said that the U.K. was likely to be the next location for new research facilities. The company had been considering the expansion "for a long time."

While the EEC referendum vote was considered to be a positive factor, a decision would be postponed until the economic climate improved. Dr. Janssen said that the U.K. was likely to be the next location for new research facilities. The company had been considering the expansion "for a long time."

The group, which started as pure research organisation, expects that \$300m. worth of products will be sold this year.

Dr. Paul Janssen, the Belgium company's director of research, said that the U.K. was likely to be the next location for new research facilities. The company had been considering the expansion "for a long time."

While the EEC referendum vote was considered to be a positive factor, a decision would be postponed until the economic climate improved. Dr. Janssen said that the U.K. was likely to be the next location for new research facilities. The company had been considering the expansion "for a long time."

The group, which started as pure research organisation, expects that \$300m. worth of products will be sold this year.

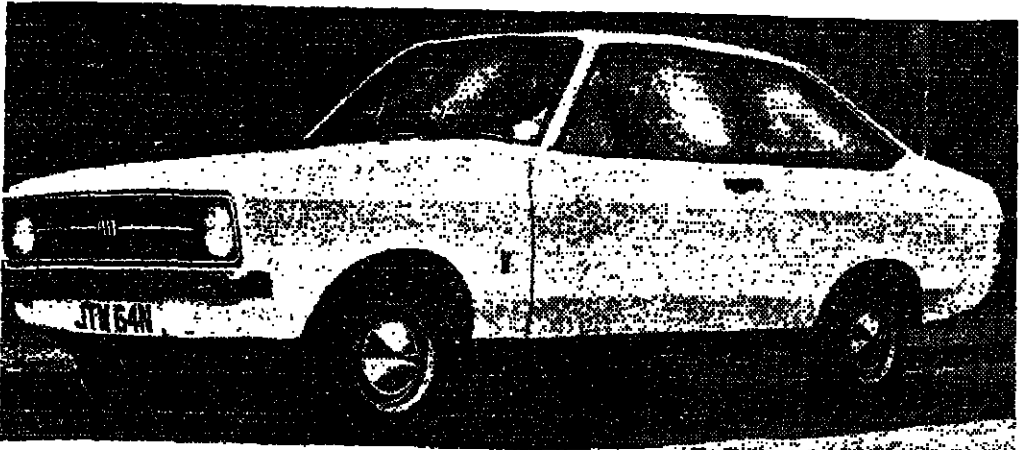
## F.T.-ACTUARIES SHARE INDICES

QUARTERLY VALUATION The market capitalisation of the sub-sections of the F.T.-Actuarial share indices as at June 30, 1975 expressed below in millions of pounds and as a percentage of the All-Share index. Similar figures are also provided for the two preceding quarters. These valuations are published quarterly and are made by Eitel Communications (Exchange Telegraph Group) on an I.B.M. 370 computer.

EQUITY GROUPS					
GROUPS & SUB-SECTIONS					
	Market capitalisation June 30, 1975 (£m.)	% of All share index June 30, 1975	Market capitalisation March 31, 1975 (£m.)	% of All share index March 31, 1975	Market capitalisation Dec. 31, 1974 (£m.)
1 CAPITAL GOODS GROUP (181)	4,108.1	13.79	3,908.8	14.04	4,098.2
2 Building Materials (30)	774.5	2.60	761.1	2.81	797.6
3 Contracting and Construction (23)	417.8	1.40	406.5	1.50	417.0
4 Electricals (18)	1,006.6	3.38	985.8	3.46	1,018.9
5 Engineering (Heavy) (13)	151.1	0.51	157.1	0.51	158.9
6 Engineering (General) (68)	1,538.5	4.90	1,187.0	4.38	1,617.6
7 Machine and Other Tools (11)	1,284.7	4.30	1,480.2	5.28	1,554.4
8 Miscellaneous (23)	361.5	1.21	355.8	1.30	311.1
9 CONSUMER GOODS (DURABLES) GROUP (59)	945.4	3.18	912.2	3.37	904.2
10 Lt. Electronics, Radio and TV (15)	481.6	1.68	478.0	1.75	346.7
11 Household Goods (15)	141.8	0.48	144.1	0.53	75.3
12 Motors and Distributors (29)	322.1	1.08	299.1	1.08	175.3
13 CONSUMER GOODS (NON-DURABLE) GROUP (164)	8,651.8	29.10	8,136.0	30.03	8,339.9
14 Breweries (16)	979.7	3.29	911.1	3.36	970.8
15 Wines and Spirits (8)	850.9	2.78	440.3	1.63	291.3
16 Entertainment and Catering (16)	818.1	2.74	440.1	1.62	332.0
17 Food Manufacturing (22)	1,284.7	4.30	1,396.1	5.15	1,405.7
18 Food Retailing (16)	688.4	2.01	603.8	2.22	504.1
19 Newspapers and Publishing (15)	163.0	0.51	188.7	0.69	95.0
20 Packaging and Paper (13)	235.4	0.86	247.3	0.91	147.5
21 Textiles (19)	2,203.4	7.40	2,216.7	8.19	1,231.2
22 Tobacco (3)	564.1	1.90	602.0	2.22	511.0
23 Toys and Games (6)	1,235.3	4.18	1,163.1	4.29	394.8
24 OTHER GROUPS (32)	27.3	0.09	27.0	0.11	16.5
25 Chemicals (25)	2,578.2	8.86	2,307.5	8.57	1,879.0
26 Office Equipment (10)	417.3	1.40	447.5	1.63	340.7
27 Shipping (11)	408.4	1.27	436.5	1.57	371.3
28 Miscellaneous (unclassified) (40)	1,482.7	4.98	1,577.9	5.69	1,793.8
29 INDUSTRIAL GROUP (49% SHARES)	16,596.9	56.48	17,570.6	64.12	16,618.9
30 Oils (4)	8,996.3	30.88	8,607.0	31.88	10,077.7
31 500 SHARE INDEX	22,182.1	74.56	16,977.6	75.74	11,005.3
32 FINANCIAL GROUP (100)	6,651.8	22.89	6,338.5	23.68	6,267.8
33 Banks (6)	1,818.3	6.44	1,775.7	6.46	1,785.3
34 Discount Houses (9)	78.6	0.28	82.2	0.31	48.9
35 Fire Insurance (5)	66.1	0.23	51.9	0.19	38.3
36 Life Insurance (Life) (9)	699.4	2.11	653.7	2.05	596.4
37 Insurance (General) (7)	1,225.5	4.13	1,268.4	4.05	740.1
38 Insurance (Brokers) (8)	247.8	0.85	212.3	0.78	102.4
39 Merchant Banks, Issuing Houses (19)	400.4	1.35	422.4	1.50	286.5
40 Property (32)	1,019.7	3.43	1,142.8	4.14	658.9
41 Miscellaneous (8)	66.4	0.23	65.8	0.24	40.5
42 Investment Trust Group (50)	1,221.1	4.08	1,074.4	3.78	967.5
43 ALL-SHARE INDEX (560 SHARES)	29,766.8	100	27,070.5	100	14,833.2



## Motoring



## Bargain basement models

JAMES ENSOR

FORD'S DECISION to introduce a new economy version of the Escort, reviving the Popular name, is a courageous one. The managing director, Mr. Terry Skeet, described it to dealers as a gamble, though privately he is a calculated risk-taker. Whatever the phraseology, however, it is clear that Ford is out on the move once more.

It is a commentary on the economy of motor manufacturing today that these changes, which are the most that Ford thought a public would be prepared to accept, led to a cost saving of only about £20. The remainder of the savings needed to meet the £1,298 price stem from reduced margins for both Ford and its dealers.

Now Mr. Skeet, of course, as made some shrewd calculations which suggest that Ford will gain more than enough volume to offset the loss of profit on each unit — and the same equation holds good for the dealers. Capacity to build more Escorts is available and necessary Ford will move from production from Halewood to either Dagenham or Bognor to clear more space on the lines.

Mr. Skeet's decision, for it was very much a personal one, was made just three months ago. He explains that he became worried about the success of imports — they took 38 per cent of the market in April — and Ford's researches show

unequivocally that the main reason why people are buying imported cars is because of their prices. The advantages which British cars offered in value for money, just a year ago, have been seriously eroded as British wage costs have mounted faster than German or Japanese.

More fundamentally, however, there is a clear indication that British motorists are deterred from buying cars because of the high prices — for both domestic and imported models. Never has the difference between the trade-in value of a three-year old car and the price of new replacement been so large.

Today, it is the purchase price rather than the cost of fuel — even at 72p a gallon — which is governing most people's decisions whether or not to buy a car and which car to buy.

In a highly competitive business, manufacturers are being forced to take account of this situation and to introduce lower priced variants of their models. Importers inevitably have been able to react to this situation most rapidly, for in many cases they have simply been able to introduce basic versions of their cars which have not before been imported. Thus Mercedes, with its 200 model selling for £3,475, has found that a car previously regarded as too sluggish for the British market, is now its best single seller. BMW, introducing a 1602 which had been withdrawn from Britain, enjoyed a similar surge of sales.

The Japanese, always quick to appreciate a marketing opportunity, have been selling one litre models, such as the £1,139 Mazda 1000 and the £1,287 Toyota 1000, in fairly substantial quantities although only two years ago neither company marketed such a small model. It is the

success of cars, particularly imports, in this price and size bracket which has persuaded Ford to take its "calculated gamble" with the Escort Popular.

Fiat has been able to take advantage of its affiliations in Southern and Eastern Europe, by marketing Spanish and Polish versions of its obsolete designs at very low prices. Thus, the rear-engined SEAT 850 is quite a bargain at £899 for those who do not mind its high noise levels.

The Russians, selling a slightly tougher and cruder Fiat 124 as the Lada at the bargain price of £1,099 and the Poles, selling a version of the Fiat 125 at £1,249, have been able to set prices which make their modern replacements the Fiat 131 and 132 seem expensive by contrast.

A more interesting development is the way manufacturers are steadily introducing smaller and simpler versions of their existing models at lower prices in order to attract customers. Thus the new Volkswagen Polo, on sale in Britain from October, looks and drives very much like a scaled-down Golf. The new BMW 320, which will reach Britain in December, looks much like a two-door, scaled down 520, which itself of course bore an obvious resemblance to the bigger 2500.

Both manufacturers and customers have been scaling down their ideas about cars in the past few months. But these new "recession" models despite their sometimes spartan air, seem to offer some relatively good bargains to the astute purchaser. Often for a small sacrifice in size or performance, they provide a substantial saving in cost.

## Golf

## Ready for a great Open

BY BEN WRIGHT

THE SACRIFICES made annually by local golfers so that the Open Championship venue may be presented to the elite in the best possible condition are often taken for granted by many of the game's foremost professors.

In the case of Carnoustie, this most arduous of British links tests, the course first had to be saved from possible extinction or serious erosion before it could be polished to the present pitch of perfection achieved by its intrepid greenkeepers.

A long, hard row has been furrowed here by all concerned, and on Wednesday Bob Charles, the left-handed champion of 1963, an early arrival from Johannesburg, was lavish in his praise of Carnoustie's condition.

## Good judge

There is no better judge of putting surfaces than the tall, lanky New Zealander, arguably the best putter in the world since Bobby Locke — although the new Senior professional champion, Kel Nagle of Australia, has always been a live contender for this title.

After his first of at least three practice rounds before he departs to Switzerland to compete in multi-millionaire Bruce Rappaport's lucrative annual pre-Open week-end shindig, Charles spoke warmly of the marvellous consistency in pace of the 18 greens and the fast running condition of a links that has been unbaked during the past rain-free five weeks.

Thankfully a gentle morning drizzle is presently at least laying the dust a little, a heavenly boon to people like myself who have recently been destroyed by the accused hay fever.

If the present glorious heat-wave continues as forecast, Carnoustie will be much slicker than it was in 1968, when Gary Player just held off Jack Nicklaus in a thrilling duel down the home stretch, with Charles tying for second place with the latter.

Such bouncy, glassy conditions traditionally favour the great golfers, those whose consummate manipulative skills are allied to the character to withstand, and quickly forget, the occasional bad breaks that are bound to come their way. Fluke winners under such conditions

are very much the exception rather than the rule.

For instance, I would not have thought for a minute of backing Lou Graham, if the conditions on the No. 3 course at Medinah Country Club for last month's U.S. Open had been as hard on and around, and as slick on the greens as had been intended. The freak rains that preceded and punctuated that championship made the massacre of Medinah fairly predictable, in that conditions under foot were the easiest I have seen at this event.

One thing is certain. A new Open Championship attendance record will almost surely be set in six figures for the first time against the present record of 82,796 established last year, when a record sum of £158,729 was gathered in to swell the kitty.

This sum will also be easily exceeded, which is no more than the Royal and Ancient Golf Club of St. Andrews deserves for the brilliance of its recent promotions of Britain's premier golfing event. In every facet of organisation our championship is vastly superior to its American counterpart, most especially in the shape of amenities offered to spectators in the tented city and beyond. The scoring system all over the course shows up its American counterpart for what it is — pitifully inadequate.

## Breath-taking

The amphitheatre of temporary grandstands to seat no less than 7,000 people around the 18th green in the shape of a great horseshoe of scaffolding and planks is a breath-taking sight. It will be a pitiless claustrophobic one when full to those coming up the last fairway with a winning chance in the final hour of play.

In every way this is a notable fortnight for Scotland, the true home of golf. Following the splendid victory of the country's amateurs at Killarney in the European Team Championship, a triumph made more inevitable by the pathetic failure of England and Ireland, and despite the astonishing improvement of the continentals, the cream duly came to the top in the Seniors' professional championship at Longniddry.

Jointly rescued from probable demise when Pringle withdrew his sponsorship, this event must

have been gratifying to the Ben Sayers golf equipment manufacturing company and Strathclyde Hotels, who stepped in so bravely at the 11th hour. In conditions similar to those expected at Carnoustie, the eventual list of finishers behind the 54-year-old Nagle reads like a golfing "Who's Who?" of yesteryear. The course record tumbled time and time again, eventually and fittingly to become the undisputed property of the winner, Ken Nagle, after his final round foot were the easiest I have seen at this event.

Nagle's record in this event has been superb, in that he has now won it three times in five starts, having been previously successful under Pringle sponsorship in 1971 and 1973. In 1971 he beat the American champion, Julius Boros, for the world title by 4 and 3, while two years later he conceded defeat to Sam Snead only at the 11th hole.

Now Nagle, Centenary Open champion in 1960 and runner-up to Player in a 36 hole play-off in its American counterpart in 1965, will be my idea of a hot favourite to beat Charlie Sifford, the cigar-chewing black golfing pioneer, in the final for the world title in Virginia on September 7, if only because 36 holes of golf in a day appear still to come so easily to the super-Australian, not to speak of his impeccable driving and inspired putting.

In addition Nagle has apparently put behind him the aches and pains of recent years, while when I last saw him in the steamy heat of Chicago two weeks ago Sifford's joints were almost audibly creaking.

## Two fiestas

While the world's senior amateurs do battle at Gleneagles, Hotel for their title this week-end, a host of celebrities and professionals will combine in two notable tournaments for charity. To-day the £12,000 Pineapple Proclamation at Turnberry will benefit the National Society for Cancer Relief. To-morrow the £10,000 Jimmy Farbruk Classic at Dalnasherry — two eminently watchable fiestas — will precede what promises to be the greatest Open championship of all. The only tragedy is that a homebred winner if any of these events is, to say the least, unlikely.

## Bridge

## Some vital decisions

BY E. P. C. COTTER

LET ME REMIND you that the European Championships are being held from July 13 to 26 in Brighton at the Metropole Hotel, where you can see play-ers of many nations in action. A Daily Bulletin, edited by Eric Milnes, editor of the Bridge Magazine, giving accounts of the play and including "Match of the Day" by Terence Reese and a feature by Benito Garozzo, can be ordered in advance from E.B.U., 81 High Street, Thame, Oxon., price £3, post free, for 14 issues.

As the European is a team event, let us examine two deals from first class match play. Here is the first:

N.		E.	
♠ A 7	♥ K 8 6 3 2	♠ Q 10 8	♥ 5 4
♦ Q 10 9 4	♣ 6 5	♦ J 8 7 2	♣ K 2
♠ J 10 7 3	♥ 9 8 7 6 5	♠ K Q 9 6 4	♥ J 10 5 3
♠ 8 2	♣ 4	♠ J 5 4	♥ K 3
		♦ K 3	♠ A Q 9 8 5 5
		♠ A 7	

North dealt at game all and bid one heart, South said two diamonds, and after a single raise from his partner went four no trumps, and bid six diamonds which he heard that North had two Aces.

West led the club King to the Ace, South cashed the trump Ace, and played King, Ace and Queen of hearts. East ruffed the third heart with the diamond King, and though South could throw his losing club, he could not avoid the loss of a spade trick, and the slam failed.

The issue is not clear-cut, but it seems better to play the three hearts without cashing the trump Ace. This caters for a possible 3-3 heart break without abandoning the chance that the trump finesse will work. As the cards lie, East is helpless. If he ruffs with the two, South overruns, drops the King, sets up a heart for the club discard, taken, turned out to be a make.

and concedes a spade. If he ruffs with the King, the position is the same; if he does not ruff, South discards his club, and takes the diamond finesse.

The North-South pair later got their own back by shrewd tactical bidding, aided by poor defence:

N.		E.	
♠ Q 8	♥ 10 9 8 7 3 2	♠ K J 4	♥ 5
♦ Q 8 7 4	♣ 9 5	♦ A 6 3 2	♣ J 10 9 5
♠ A 7 6	♥ Q 8 2	♠ A 7 6	♥ Q 8 2
♠ 9 6		♠ 9 6	

At game to East-West the dealer South bid one club, which West doubled. North passed to await events. East said one spade, South rebid two clubs, and West gave a dubious raise to two spades. Three clubs from North produced three spades from East, and South went to four clubs. This was passed by West and North, but East bid four spades. South passed to leave the decision to his partner, who had no hesitation in defending with five clubs. West doubled this, and all passed.

West led the King of spades, which does not actually cost a trick, because with the lead of any other suit the declarer has time to set up the Queen of hearts for a spade discard. South won in hand, drew trumps in two rounds, crossed to the Queen of spades, and led the four of hearts. On this East followed with the Knave — an excellent play which should have made the position clear to his partner. Unfortunately, West did not get the message, and already unsettled by the way out abandoning the chance that the trump finesse will work. As the cards lie, East is helpless. If he ruffs with the two, South overruns, drops the King, sets up a heart for the club discard, taken, turned out to be a make.

## MOTOR CARS

## TEST ONE IN WEST ONE

If you ever considered driving a BMW — we have some good news for you. The full range of BMW cars and bikes are now at the BMW Park Lane showroom. Plus a big selection of used BMWs in perfect condition.

All of them backed by meticulous after-sales service. And all of them available for you to test drive. Just give us a ring and we'll bring the model of your choice to your home or office.

Why not put that offer to the test? 56 Park Lane London W1Y 5DA Tel: 01-629 9277. Export enquiries welcome.

IN STOCK NOW —

1975 3.0 Si Rovers, Tinted Glass £5,250

1974 2300 Auto, Tinted Glass £4,850

1973 3.0 CS Auto, Very Full Spec. 1 owner £4,850

1975 2002 Tilt, Tinted, Sun Roof, Ford. £3,350

## BMW PARK LANE

CHIPPYARD for your new Alfa, BMW, Land, Mercedes and a complete deal. 01-727 0611.

## PERSONAL

WE WILL GO WHEN YOU CAN'T. Secured Global Courier Service. All the best way to deliver your documents, pictures and valuables. Secured Global Couriers operate throughout the world. We will deliver your goods by air, sea or land transport on schedules round the world. Consistent service never fails. The hands of the world are at your service. Favourable insurance rates available where required.

Phone Secured Global Couriers Limited at: 01-352 0745 or 01-352 0141 for details. Head Office: 17 Chelsea Embankment, London, SW2.

## YOUR EMOTIONAL PROBLEMS SOLVED

Alcoholism, depression, phobias, Compulsions overcome by rapid therapy and psychoanalysis. Psychotherapy and hypnosis. Mail will help you. Private Consultancy. Telephone 01-459 4013 days.

## GOURMET

CALIPOLI RESTAURANT on Old Broad Street, E.C.2. Open every day for lunch dinner and supper. 10.30 a.m. and 7.15 a.m. Mon. to Sat. 15.25. Tel. 586 1822.

## BUSINESS OPPORTUNITIES

ARE YOU faced with difficulties in business? Do you want to expand your activities? We are looking to engage ourselves with the distribution of your product throughout the whole of the Federal Republic of Germany.

GLOBE HANDELSKONTOR K. STOCKHOLM, in co-operation with a prominent German firm, will be looking for a suitable agent for the distribution of your product throughout the whole of the Federal Republic of Germany.

## SUMMER SALE OF TYPEWRITERS

Before deciding, send for our new FREE catalogue of ALL makes. Our prices cannot be challenged — it's a better buy from BENNETT TYPEWRITERS.

30 LEONARDS ROAD, BROMFORTH, 10 Commercial Road, Southampton, 30 Farnham Street, Salisbury, 300 Salisbury Road, Exeter.

## ESTATES AND FARMS

By direction of Executors of the 6th Earl of Rosebery deceased Aylesbury Vale — Beds/Bucks Borders Leighton Buzzard 4 miles Tring 5 miles Cheddington Station 1 mile (London Euston 40 minutes)

## MENTMORE AND CRAFTON

## THE TWO WORLD RENOWNED STUDS

Famous for many Classic winners

- LOT 1: Mentmore Stud — 151 Acres
- LOT 2: Modern Bungalow Residence
- LOT 3: Crafton Stud — 142 Acres
- LOT 4: Riding School — 23 Acres
- LOT 5: 1 Village Cottage

In all 318 Acres

Freehold for Sale or one or in Lots mainly with Vacant Possession

BIDWELLS 3391

Hamnett Rafferty P.O. Box 1, 30 High St. High Wycombe, Bucks. Tel: High Wycombe (0494) 21234

## THE CAMBO ESTATE

(situated in mid Northumberland)

## A VALUABLE AGRICULTURAL INVESTMENT

Extending to some 751 acres and comprising 2 let farms

## For Sale by Private Treaty or as two separate farms

J. M. CLARK & PARTNERS, Chartered Surveyors

5 Hencotes, Hexham, Northumberland. Tel: Hexham 2301

## SOMERSET

## SUDDON GRANGE, WINCANTON

XVI CENTURY SMALL COUNTRY HOUSE

143 ACRES

SALE BY AUCTION (unless previously sold)

ON 17th SEPTEMBER 1975

FRANKLIN & JONES, 81ms Court, Botley, Oxford (Tel. Oxford 48666)

## LONDON HOUSES AND FLATS

## NOW

is the time to invest in good

Dumfries Farm 254 Acres. Rent £2,000 per year reviewable 1978.

Superb Tenant. Farmhouse, two cottages and buildings valued for replacement £76,000. Price £65,000 includes 12 acres Woodland and more Woodland can be added by arrangement.

YAUGHAN Tel. Chipping Norton 2915

## DULWICH

12 Minutes Victoria

Well Appointed and Attractively Designed Modern Residence on the exclusive Woodall Private Estate.

Master Suite of Bedroom and Bathroom, Six Family and Guest Bedrooms, Second Bathroom, Shower Room, Delightful Open-plan Living Area, Study, Music Room, Playroom, Kitchen, Breakfast Room, Sauna, Changing Room with Shower, Double Garage, Central Heating, HEATED SWIMMING POOL, Terrace Lawns and Flower Beds. Long Lease, Owners Agents.

Hampton & Sons 40 EAST STREET, BROMLEY Tel: 01-464 7531

## CHESS

By LEONARD BARDEN

BBC-2's NEW SERIES "The Master Game" (screened at 7.45 p.m. on Wednesdays) features a knock-out championship between some of the leading players in Britain, aiming to crown a sports entertainment play is handicapped by his own insight into master chess. At critical moments in each game, the players voice their thoughts on their position and plans (sample from a loser: "My position is collapsing faster than the British economy — and I can't print new pieces").

With £250, a trophy, and much prestige at stake, the tournament has already proved an occasion for parading the latest opening secret weapons. Last week's Michael Stean v. William Hartston match featured the late Paul Keress's sharp move 6...P-KN4 which has done so well against the fashionable Sicilian Defence. Keres's Attack.

The opening moves were 1...P-K4; 2...P-K4; 3...P-K4; 4...P-K4; 5...P-K4; 6...P-K4; 7...P-K4; 8...P-K4; 9...P-K4; 10...P-K4; 11...P-K4; 12...P-K4; 13...P-K4; 14...P-K4; 15...P-K4; 16...P-K4; 17...P-K4; 18...P-K4; 19...P-K4; 20...P-K4; 21...P-K4; 22...P-K4; 23...P-K4; 24...P-K4; 25...P-K4; 26...P-K4; 27...P-K4; 28...P-K4; 29...P-K4; 30...P-K4; 31...P-K4; 32...P-K4; 33...P-K4; 34...P-K4; 35...P-K4; 36...P-K4; 37...P-K4; 38...P-K4; 39...P-K4; 40...P-K4; 41...P-K4; 42...P-K4; 43...P-K4; 44...P-K4; 45...P-K4; 46...P-K4; 47...P-K4; 48...P-K4; 49...P-K4; 50...P-K4; 51...P-K4; 52...P-K4; 53...P-K4; 54...P-K4; 55...P-K4; 56...P-K4; 57...P-K4; 58...P-K4; 59...P-K4; 60...P-K4; 61...P-K4; 62...P-K4; 63...P-K4; 64...P-K4; 65...P-K4; 66...P-K4; 67...P-K4; 68...P-K4; 69...P-K4; 70...P-K4; 71...P-K4; 72...P-K4; 73...P-K4; 74...P-K4; 75...P-K4; 76...P-K4; 77...P-K4; 78...P-K4; 79...P-K4; 80...P-K4; 81...P-K4; 82...P-K4; 83...P-K4; 84...P-K4; 85...P-K4; 86...P-K4; 87...P-K4; 88...P-K4; 89...P-K4; 90...P-K4; 91...P-K4; 92...P-K4; 93...P-K4; 94...P-K4; 95...P-K4; 96...P-K4; 97...P-K4; 98...P-K4; 99...P-K4; 100...P-K4; 101...P-K4; 102...P-K4; 103...P-K4; 104...P-K4; 105...P-K4; 106...P-K4; 107...P-K4; 108...P-K4; 109...P-K4; 110...P-K4; 111...P-K4; 112...P-K4; 113...P-K4; 114...P-K4; 115...P-K4; 116...P-K4; 117...P-K4; 118...P-K4; 119...P-K4; 120...P-K4; 121...P-K4; 122...P-K4; 123...P-K4; 124...P-K4; 125...P-K4; 126...P-K4; 127...P-K4; 128...P-K4; 129...P-K4; 130...P-K4; 131...P-K4; 132...P-K4; 133...P-K4; 134...P-K4; 135...P-K4; 136...P-K4; 137...P-K4; 138...P-K4; 139...P-K4; 140...P-K4; 141...P-K4; 142...P-K4; 143...P-K4; 144...P-K4; 145...P-K4; 146...P-K4; 147...P-K4; 148...P-K4; 149...P-K4; 150...P-K4; 151...P-K4; 152...P-K4; 153...P-K4; 154...P-K4; 155...P-K4; 156...P-K4; 157...P-K4; 158...P-K4; 159...P-K4; 160...P-K4; 161...P-K4; 162...P-K4; 163...P-K4; 164...P-K4; 165...P-K4; 166...P-K4; 167...P-K4; 168...P-K4; 169...P-K4; 170...P-K4; 171...P-K4; 172...P-K4; 173...P-K4; 174...P-K4; 175...P-K4; 176...P-K4; 177...P-K4; 178...P-K4; 179...P-K4; 180...P-K4; 181...P-K4; 182...P-K4; 183...P-K4; 184...P-K4; 185...P-K4; 186...P-K4; 187...P-K4; 188...P-K4; 189...P-K4; 190...P-K4; 191...P-K4; 192...P-K4; 193...P-K4; 194...P-K4; 195...P-K4; 196...P-K4; 197...P-K4; 198...P-K4; 199...P-K4; 200...P-K4; 201...P-K4; 202...P-K4; 203...P-K4; 204...P-K4; 205...P-K4; 206...P-K4; 207...P-K4; 208...P-K4; 209...P-K4; 210...P-K4; 211...P-K4; 212...P-K4; 213...P-K4; 214...P-K4; 215...P-K4; 216...P-K4; 217...P-K4; 218...P-K4; 219...P-K4; 220...P-K4; 221...P-K4; 222...P-K4; 223...P-K4; 224...P-K4; 225...P-K4; 226...P-K4; 227...P-K4; 228...P-K4; 229...P-K4; 230...P-K4; 231...P-K4; 232...P-K4; 233...P-K4; 234...P-K4; 235...P-K4; 236...P-K4; 237...P-K4; 238...P-K4; 239...P-K4; 240...P-K4; 241...P-K4; 242...P-K4; 243...P-K4; 244...P-K4; 245...P-K4; 246...P-K4; 247...P-K4; 248...P-K4; 249...P-K4; 250...P-K4; 251...P-K4; 252...P-K4; 253...P-K4; 254...P-K4; 255...P-K4; 256...P-K4; 257...P-K4; 258...P-K4; 259...P-K4; 260...P-K4; 261...P-K4; 262...P-K4; 263...P-K4; 264...P-K4; 265...P-K4; 266...P-K4; 267...P-K4; 268...P-K4; 269...P-K4; 270...P-K4; 271...P-K4; 272...P-K4; 273...P-K4; 274...P-K4; 275...P-K4; 276...P-K4; 277...P-K4; 278...P-K4; 279...P-K4; 280...P-K4; 281...P-K4; 282...P-K4; 283...P-K4; 284...P-K4; 285...P-K4; 286...P-K4; 287...P-K4; 288...P-K4; 289...P-K4; 290...P-K4; 291...P-K4; 292...P-K4; 293...P-K4; 294...P-K4; 295...P-K4; 296...P-K4; 297...P-K4; 298...P-K4; 299...P-K4; 300...P-K4; 301...P-K4; 302...P-K4; 303...P-K4; 304...P-K4; 305...P-K4; 306...P-K4; 307...P-K4; 308...P-K4; 309...P-K4; 310...P-K4; 311...P-K4; 312...P-K4; 313...P-K4; 314...P-K4; 315...P-K4; 316...P-K4; 317...P-K4; 318...P-K4; 319...P-K4; 320...P-K4; 321...P-K4; 322...P-K4; 323...P-K4; 324...P-K4; 325...P-K4; 326...P-K4; 327...P-K4; 328...P-K4; 329...P-K4; 330...P-K4; 331...P-K4; 332...P-K4; 333...P-K4;







## How to spend it

## Get the Message

have never minded using towels or napkins (thout my own initials on them but doing by the growing number of firms trying to put them on, and by the number men who clearly feel a need to have their initials on their shirts, there is a growing demand for this kind of personalised service.

There have always been rather exclusive firms like Harrods and the White House at home doing this—at a price. Now, however, there are a number of firms who cater by mail order and are able to offer similar service at a much lower price. Godfrey Winston and Co., 20, Princes Park Avenue, London, N.W.11, is a newcomer to the field and his prices seem to me exceedingly reasonable.

He offers towels in a choice of eight sizes which can be embroidered with your initials or message (like the Merry Christmas in our photograph) using up to 12 letters. A hand size (21 inches by 14 inches) would be £1.95. Bath size (29 inches by 52 inches) would be £3.50. A large bath size (40 inches by 52 inches) would be £5.50 each. There are large, capacious bath robes which can be in deep Royal blue, a lovely light deep pink or white and they can be embroidered with up to four initials for £7.50 in full-length size or £12.50 for the shortie size.

If you decided you like the idea, there is no need to stop at towelising. You could also have your sheets embroidered. You need to buy a pair of sheets and for £13.00 or a pair of single size sheets, you get a top sheet and one pillow-case embroidered with one initial each.

For £17.95 you get a pair of double size sheets plus a pair of pillow-cases, top sheet and two pillow-cases being embroidered with one initial.

If you are interested in the service write to Godfrey Winston, at the address above, for a leaflet listing the complete services. Orders take under three weeks and there is an extra charge of 40p per order to cover postage.

Photo by Freddie Mousfeld



## Cool Creamy Yoghurt for Summer

By Philippa Davenport

BASICALLY, yoghurt is milk that has been soured and thickened by the introduction of bacterial culture. Texture and taste can be varied according to the type of milk used, whether the milk has been reduced by prolonged boiling, how much culture is used, and how long the yoghurt is left to incubate. Making your own yoghurt means you can decide on taste and texture yourself—so the chances are you'll find your home-made yoghurt infinitely nicer than shop-bought varieties, and cheaper into the bargain.

The time honoured "no equipment" method of yoghurt making is theoretically cheapest but it seems to me something of a bit of a mess. I've opted in favour of a foolproof, thermostatically controlled yoghurt making machine (Yogomagic) which seems to work out no more expensive in the long run—especially when I recall the cost of wasted ingredients, not to mention frayed nerves. I used to suffer.

Dried culture is supplied with yoghurt making machines but a little fresh yoghurt does the job just as well. Many different types of milk can be used to make yoghurt (including buffalo, mare and goat as well as cow) but all fresh milk must be sterilised by boiling first, and prolonged boiling is necessary unless you specifically want a very thin runny yoghurt.

Less troublesome, I think, better tasting, are yoghurts made with dried skimmed milk powder or canned, unsweetened evaporated milk. Skimmed milk is less

The colourful fruits of summer, the perfect accompaniments to the home-made yoghurt, look at their best when set off against the cool, creamy white of this selection of French china.

The large heart-shaped dish for the classic Coeur à la crème dish on the left is £3.30 and the smaller size far right is 80p. They both have holes in the bottom for allowing the mixture to drain, and when not in use for Coeur à la crème can be used for serving fruits, chocolates, biscuits, nuts.

The plain white china spoons are 76p and 97p respectively. The heart-shaped dish piled high with a creamy yoghurt mixture and topped with two strawberries is £1.53.

The tall white cup with the handle is strictly speaking a coffee-cup but I think they make lovely receptacles for fruit

fattening of course but evaporated milk (a product I otherwise abhor) produces a creamy rich yoghurt that I find irresistible.

I make a fairly concentrated mixture by diluting a 14 lb. oz. can of evaporated milk with a scant pint of boiled, cold water (or 4-4½ of skimmed milk powder with 1½ pints boiled, cold water). Thoroughly blend in 3 tablespoons yoghurt reserved from the previous batch (or dried culture or 3 tablespoons natural, unsweetened commercial yoghurt), screw the lid on the flask and shake very vigorously. Then place flask in machine, switch on and leave for 8-9 hours. Chill, uncovered, in the fridge for 3-4 hours before eating.

We eat this yoghurt daily for breakfast—alone or sometimes with the addition of a little marmalade, fresh or dried fruits or other foodstuffs: for home-made horseradish sauce as a marinade with added spices, for meat or fish kebabs and curries. Chilled yoghurt, well seasoned with garlic, pepper and salt, makes an excellent accompaniment to deep fried courgettes and aubergines.

Mix yoghurt with chopped celery, apple, nuts and cooked pork or chicken for a light luncheon dish; or add fresh dill weed or fennel, salt, pepper and chopped hard-boiled eggs for a cold fish sauce.

Freshly made yoghurt is excellent too for a whole host of salad dressings: try it with crumbled blue cheese and black olives for breakfast—alone or sometimes with the addition of a little marm-

fools, sorbets and any other creamy confections. They are £1.90 for cup and saucer.

The simple bowl piled high with strawberries is 61p, the white jug, one of a series, is 72p.

Elizabeth David of 46, Bourne Street, London, S.W.1, or Elizabeth David shops in Debenhams of Croydon and Dingles of Plymouth sell these and many more similar pieces of white china.

The Yogomagic, tried and recommended by Philippa, costs £7.75 and is available by mail order from Yogomagic Ltd., 11-21a, Queen Caroline Street, London W6 8AW (plus 35p for postage and packing). Dried culture costs 50p per packet. Yogomagic can also be bought from Harrods, Heals and major branches of Boots and Timothy Whites throughout the country.

peppers for beetroot or potato salads; with a purée of fresh tomatoes, chives and a pinch of basil for cucumber salad.

For cooking purposes an even thicker yoghurt is preferable. This can be achieved by longer incubation but this also gives the yoghurt a sharper, more acid flavour. I prefer to turn my newly made and well-chilled yoghurt into butter muslin, tie it with string and leave to hang so that the whey drains leaving a reduced and thickened yoghurt which will not separate so easily in cooking. About three hours is right for most cooking purposes, but leaving the yoghurt to drip for eight hours will produce a "dry" almost curd cheese-like yoghurt that is delicious and very useful too.

I use thickened yoghurt instead of sour cream and, sometimes, in place of fresh cream. Half double cream, half thickened yoghurt is very good, for instance, for things like crab making Bavaroi. Do not think of this simply as an economic measure. The flavour is delightful and refreshing—and far less exhausting on the stomach than ultra-rich puddings made entirely with thick cream.

I use it for paskha (the traditional Russian Easter treat made with lamb, cinnamon, dusted cubes of lamb fillet sautéed in butter, served on a bed of spinach with raisins and pine nuts, and a creamy cinnamon flavoured sauce poured over); for beef stroganoff and juniper kidneys (lamb's kidneys cooked in butter with crushed juniper berries. Beurre, manie and thickened yoghurt are then used to thicken the pan juices and make the aromatic sauce). It's tasty too for anchovy eggs (coconut baked eggs on a base of thickened yoghurt, topped with a few chopped anchovy fillets, brown bread-crumbs and a little melted butter) and pork and pimiento (paper thin slices of tenderloin dusted with coriander salt and pepper, briefly cooked in butter. Garnish with drained and chopped sweet red peppers chill until required).

## A Little Rite Music



If you are planning a summer wedding reception, a garden party or any other kind of event, it might be well worth knowing about The Classical Woodwind Quartet. They are a group of four enterprising young men who have got together to perform mainly 17th and 18th-century music in the settings and manner for which it was originally written.

Most modern social events are accompanied by amplified music and even its most fervent adherents must sometimes long for a change. The Classical Woodwind Quartet offer what seems to me a much more engaging alternative. They play the work of composers like Mozart, Haydn, Telemann and their contemporaries which was originally written specifically as background for social occasions like wedding receptions, large

dinners and out of doors, parties and receptions.

The quartet consists of James Gregory (flute), Stephen Nagy (oboe), Lee Stevenson (clarinet) and Graham Lyons (bassoon and arranger).

They have an enviable collection of curriculum vitae. Stephen Nagy is professor of Oboe at Trinity College; Lee Stevenson frequently plays with the BBC and London Symphony Orchestras; James Gregory studied at the Paris Conservatoire and also plays with major symphony orchestras; while Graham Lyons studied bassoon and composition at the Guildhall School of Music.

They started by playing for their own enjoyment and then for friends and from there they were encouraged to play at all sorts of social functions. The music is unamplified and, though I haven't heard it in a social setting

myself (just on tape) it clearly is ideally suited to this sort of event, having that clarity that characterises 17th and 18th century music without the sheer volume of much modern music that drowns conversation. Most of the pieces are fairly short, consisting of one or two movements and the other small pieces written for such occasions.

The charges depend upon how far they have to travel (in which case the travelling expenses go up) but are in the region of £15 per person for an afternoon or an evening. I don't know how much a noisy mobile discotheque charges but £80 for an evening of their entertainment strikes me as an exceedingly good and original buy.

Contact the group in the first instance at Graham Lyons' home address: 133, Petherton Road, London, N.5 (Tel. 01-359 3271).

Anybody at a loss as to how to entertain the numerous foreign visitors pouring into London at the moment might like to suggest a visit to the London Brass Rubbing Centre at St. James's Church Piccadilly (and for that matter it would make a marvellous outing for children during the summer holidays).

The idea behind the centre is that brass rubbing as a hobby should be encouraged but that many of the original brasses had been becoming worn through overuse and some indeed can no longer be made available. Repro-

ductions of many of the most famous figures have been collected at St. James's Church and there, for an inclusive fee of about 50p (depending on the size of the figure) visitors may rub whichever of the replicas they fancy. It could be Thomas de Beauchamp, Earl of Warwick (son of the poet) and Matilda Chaucer or even King Ethelred.

Admission is free, instruction and help is given to first-timers and the charge for each figure includes all the materials needed and all instruction as well as a

royalty to the church housing the original brass, and a contribution to St. James's Church restoration fund.

Brass Rubbing Centres are not new—the first one was held in Oxford in 1973, but they have proved so popular that this year there will be centres in Oxford, Bristol, Stratford-upon-Avon, Cirencester.

The centre in London is the newest venture and it will certainly be open until October and possibly longer. Opening hours are 10.00 to 6.00 Mondays to Saturdays and 12.00 to 6.00 p.m. on Sundays.

## Salad Days

THE GREAT THING about this salad spinner is not that it's new (it's not) but that it is so reasonably priced. I first became converted to this method of drying off salads about three years ago at which time a salad spinner like this cost about £4.25. The fact that three inflated years later it now sells for £2.95 seems to me cause for considerable satisfaction.

To anybody who hasn't tried this method of drying salads I can wholeheartedly recommend it. The newly washed leaves are put into the central drum, the handle is turned and some centrifugal force separates the leaves from the water and you are left with nearly dry salad, ready to be appointed with oil.

This version is by Moulinex in orange and white and is available from Selfridges kitchen gadgets department, Oxford Street, London, W.1, Bentalls of



Kingston, Ealing, Worthing and Bracknell who will send by post for 35p p and p. If you can't find a local stockist write to: Sales Office, Moulinex, Coultson, Surrey.

## Capital Transfer Tax: it's his problem too.



As a parent you naturally want to give your child a good start in life.

But with the new Capital Transfer Tax you want to be sure that you're not going to give him a large financial problem instead.

For an 'estate' worth over £15,000 will almost certainly attract CTT. And remember 'estate' means everything of value you possess. So if you own your house you're probably in the CTT bracket.

Fortunately, however, there are steps you can take to protect your dependants and mitigate the effects of CTT.

Through Life Assurance.

At Scottish Widows we have been tailoring policies to help you do just that. Like the Flying Start Endowment Assurance which will provide your child with a tax free cash sum at 18, 21 or 25 and an opportunity to effect a policy then on his own life whatever his state of health.

At the same time we can help you with advice and assistance on the new legislation. And in the face of its complexities, everyone needs as much help as he (or she) can get.

Why not ask your broker or financial adviser about us. Or get in touch with us direct through one of our branches.

**SCOTTISH WIDOWS**

Practical help with Capital Transfer Tax.

Sale by Auction  
on Wednesday 9th July, at 11am

IMPORTANT OLD MASTER PAINTINGS



Aert van der Neer, *A Winter Scene*, signed in monogram, 15½ by 21½ inches

Illustrated catalogue (103 plates, 5 in colour) £3

for information and advice  
telephone or write to  
Neil MacLaren

**Sotheby's**

Sotheby & Co., 34-35 New Bond Street, London W1A 2AA.  
Telephone: 01-493 8080 Telegrams: Abinitio, London  
Telex: London 24454

## Persian Carpet Wharf

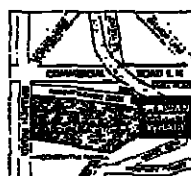
## First Summer Sale

Every carpet in our vast stock genuinely reduced - Up to 30% off our dockside prices. Unrepeatable bargains for a limited period only.

LONDON: 9.00 a.m. - 2.00 p.m. every Sunday at Regent Canal Dock, Mill Place, off Commercial Road, London E.14. Tel. 01-493 7747

MANCHESTER: Tuesday & Thursday 10.00 a.m. - 6.00 p.m. 12a Deansgate, Manchester. Tel. 061-834 8338

Persian Carpet Wharf  
London-Manchester-Edinburgh  
HIGHEST REPUTATION FOR LOWEST PRICES

















## OVERSEAS NEWS

## Palestinians kill 13 in Jerusalem blast

BY L. DANIEL

AT LEAST 13 people died and another 65 were injured, ten of them critically, when a bomb exploded today in Zion Square, a busy shopping area in the centre of Jerusalem.

The explosion occurred at 9 a.m. when Sabbath's eve shopping was at its peak. It would appear that the charge, estimated at 15 kilos of explosives, was put in an old refrigerator which was then dumped outside a shop in Zion Square.

Jerusalem has enjoyed a long period of calm and citizens apparently were not as alert as they used to be since for about half an hour it was assumed that the refrigerator had been placed here by a hotel above the shop. Only then were the police notified of its suspicious nature but arrived too late to prevent the tragedy. Those killed were mainly women and children. Their nationality is not yet known as names have not yet been released pending notification of relatives.

## JJ-SS resigns party post

By Robert Mauthner

PARIS, July 4. JEAN-JACQUES SERVAN-SCHREIBER, the unpredictable and controversial millionaire publisher of the French news magazine "L'Express", today announced his resignation as President of the Radical Party, one of the smaller groups making up the Government coalition.

His decision did not come as a total surprise. M. Servan-Schreiber's term of office expires next autumn and, since he was unable to persuade his party to adopt a revision of its statutes last January, he is unable to run for another term.

Never averse to a little bit of exaggeration, the 51-year-old J.J.-S., as he is universally known in France, described himself at the time as "the most attacked, criticised and misunderstood politician" in the country.

What is certainly true is that J.J.-S., who was one of the co-founders of the Reformist Movement which also embraced the Centre Democrats led by Jean Lecanuet, has always been in the thick of things.

As director of "L'Express" he conducted a long and virulent campaign against the Anglo-French Concorde at a time when this was considered almost as a sacrilege in France.

Mayor Teddy Kollek called upon the population not to jump

BEIRUT, July 4. THE PALESTINE Liberation Organisation (PLO) said its guerrillas planted the Jerusalem bomb.

A statement distributed by the PLO's news agency Wafa said the "heroic" operation had been carried out by the "Martyr Farid Bowbly Unit".

Bowbly was a lieutenant from Al Fatah, the largest Palestinian guerrilla group, who was killed last January in the Jordan West Bank town of Nablus "while performing his holy duty," the statement said. The statement described the attack as a "new method of the people's war of liberation employed by our revolutionaries."

UPI

## U.S. Spain bases deal

BY ROGER MATTHEWS

AMERICAN confidence that a new bases agreement with Spain will be signed before the end of the year has risen sharply following the seventh round of talks between the two countries which ended here yesterday.

The Spanish negotiating team has apparently dropped its demands for a full-scale defence treaty that would have given Madrid virtual parity with European Nato members and is now concentrating on securing better financial conditions together with assurances on the supply of modern military hardware.

During this week's talks in Madrid the Spaniards presented a shopping list of equipment ranging from aircraft to tanks and naval vessels. The Ameri-

cans are believed to be highly relieved at the turn of events as the Spanish demands are now based on actual hardware which can be far more easily satisfied.

However, U.S. officials recognise that some downgrading of their military presence will almost certainly be required and speculation remains centred on the possible withdrawal of American forces from the Torrejon air base outside Madrid.

The Spanish Government is also believed to have shown a new urgency in the latest round of talks and there is some small hope that a new agreement may be signed not too long after the present one expires in September.

## Cyprus concern

BY OUR OWN CORRESPONDENT

ATHENS, July 4. GREECE AND BULGARIA today expressed concern over the situation in Cyprus which they said constitutes a threat to peace and security in the area.

A joint communique issued at the end of a two-day official visit to Sofia by Greek Premier Constantine Karamanlis said the two sides agreed on the need for a just and viable solution

which would guarantee the independence, territorial integrity and sovereignty of Cyprus, the withdrawal of all foreign troops from the island except the U.N. peacekeeping force, and the immediate return of all refugees to their homes.

The communique said the Greek and Bulgarian leaders agreed on the need for broader Balkan co-operation.

## VW back in profit 'next year'

WOLFSBURG, July 4.

A SENIOR executive of the Volkswagen Car Company predicted today that the group should be back in profit next year and that its domestic losses in 1975 would be smaller than last year.

Finance Director Friedrich Thomee was speaking ahead of Tuesday's annual meeting at which shareholders are expected to criticise the management severely. He said that Volkswagen had a chance of better times ahead after bringing in five new models over the past three years and spending DM2.5bn. on production changes.

Reuter

## Ertl warns of 'isolation' in EEC

By Jonathan Carr

BONN, July 4. ADDRESSING the West German Bundestag, Agriculture Minister Josef Ertl today warned against the illusion that any EEC member state could make its way in isolation.

Those who supported European unity, he told the German farmers' conference, did so not for sentimental reasons but in the clear realisation that the key to preserving peace and improving living standards could only be achieved through joint action.

Those who did not wish to be mere footnotes of the big powers, Ertl said, had to stand together—especially in the current, critical phase through which Europe was passing. In his own particular field, he spoke out firmly against any "renationalisation" of EEC agriculture policy, while laying down a series of guidelines for improvement in the milk, beef, wine and cereals sectors.

## Italian index falls again

By Anthony Robinson

ROME, July 4. OPTIMISTIC assertions by the Bank of Italy among others, that the level of industrial activity has been on a plateau this year after the sharp falls in the last four months of 1974 have been proved wrong by the May industrial production return. These show an unprecedented sharp drop of 18.7 per cent. compared with May last year.

This brings the industrial production index down to 105.4 compared with 129.7 last May. It also brings the average fall in industrial output over the first five months to 13.2 per cent.

## Cabinda: Angola's uncertain dowry

BY JON BLAIR IN CABINDA

WHILE VISITING Kinshasa last Tuesday and Wednesday President Idi Amin discovered many things. Besides discovering that he would spare the life of Denis Hills after all, he also made the discovery that he, and hence his country, had a position with regard to the independence of the tiny enclave of Cabinda which borders on Zaïre and Congo-Brazzaville on Africa's West coast.

Formerly Portuguese territory administered from Angola, but separated from there by the Zaïre river and a thin strip of Zaïre itself, the enclave is now scheduled to remain part of Angola when it becomes independent in November.

Fifteen years ago Cabinda was a population of only 50,000 and covering a mere 8,000 square kilometres would scarcely have aroused any interest, let alone that of Idi Amin or more importantly, of his host in Zaïre, President Mobutu. But since then things have changed in Cabinda in one vital way—all has been discovered. Not on the scale of Nigeria's 2.5m. barrels a day but at 150,000 barrels a day, no small advantage to any state.

Besides the presence of Angola's three liberation movements and the often stated interest in the enclave of President Mobutu, Cabinda also boasts its own liberation movement, FLEC (Front for the

Liberation of the Enclave of Cabinda) whose leader met Gen. Amin and expressed fraternal support for Kinshasa.

Cabinda's real power is its oil for which Gulf Oil, through its wholly owned subsidiary, Cabinda Gulf, has the sole concession. Cabinda Gulf only has a £200m. investment in Cabinda, but the revenue from tax and royalties grossed \$450m. for Angola last year and was the country's biggest foreign exchange earner, beating the former premier export coffee, by a long stretch. Hardly surprising, therefore, that all of Angola's liberation movements insist on Cabinda's inalienable attachment to their country. But Mobutu's aims are different and he insists that the people of Cabinda should be given the right to choose by means of a referendum. There is little doubt that an independent Cabinda under FLEC which Mobutu has nurtured for some years would quickly seek some form of alliance with Zaïre, and even possible federation eventually.

In the meantime, Cabinda has not been immune from the fighting that has been widespread in the rest of Angola. Gulf, however, has been assured that its installation is not a military target. But while the major part of their investment is in their eight offshore platforms and 108 wells, they still fear that a stray rocket or mortar could do considerable damage to their on-

shore storage tanks. The town of Cabinda itself was in fact wracked by fighting a month ago for five nights which rather surprisingly left only one civilian and 12 guerrilla soldiers dead.

To-day the MPLA is in complete control of the town and the only sign of the FNLA's presence is their shuttered delegation headquarters. The MPLA

At the same time Cabinda Gulf executives admit that they have been approached by some of the movements for support and financial aid. Although Gulf Oil has admitted to handsome political pay-offs in South Korea, Cabinda Gulf's managing director, Mr. Sydney Anderson adamantly denies that any such payments are being made in Angola. Gulf itself, nonetheless, gets accused by each side of helping the others. Recently, a senior FNLA member of Angola's transitional government accused them of being in league with FLEC and France. Consistently, the MPLA accuses them of aiding the FNLA and UNITA, and on one occasion of harbouring CIA agents in the guise of construction staff.

Whatever the truth or otherwise in these allegations, one thing is certain—the fight for Cabinda's oil is not yet over. As a gesture that they mean business the Angolan liberation movements have agreed that the first soldiers of the new Angolan integrated army formed from soldiers of all three of the movements as agreed at the Nakuru conference two weeks ago, will swear allegiance in a ceremony in Cabinda tomorrow.



## 'Stop Amin' move by OAU President

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

A PROPOSAL that President Samora Machel of Mozambique should become the next President of the Organisation of African Unity instead of General Amin of Uganda has been put forward by Somalia.

The proposal, which has been made to a number of African Heads of State by the OAU's current President, Omar Siyad Barre of Somalia, is a clear attempt by the OAU to avoid what many of its members would consider the extreme embarrassment of having the unpredictable General Amin at the head of its affairs for a whole year.

Whether or not President Barre's suggestion is accepted depends not only on the approval of the majority of the OAU's 44 members but also on General Amin himself. In the normal way, General Amin would automatically become OAU President since the host to each year's summit becomes its next President and this year's meeting is to take place in Uganda at the end of this month.

Obviously President Barre—and these other Presidents, like those of Tanzania and Zambia who will warmly support his suggestion—will hope that president can be broken since to confer the Presidency on Samora Machel would be presented as a unique and "once-only" honour to a man in the forefront of African liberation.

Much may hinge on whether the proposal wins the support of such men as President Mobutu of Zaïre, who has recently "mediated" over the Anglo-Uganda/Hills affair and of General Gowon of Nigeria, whose relations with General Amin also appear to be good and which could possibly persuade General Amin to stand down in the greater interests of Africa.

## Tanzania to host African gathering

BY TREVOR GRUNDY

LUSAKA, July 4.

AFRICAN NATIONAL Council delegates are expected to conclude their talks here tomorrow and then fly straight to Dar Es Salaam for consultations with President Nyerere and Samora Machel of Mozambique. Doctor Kaunda of Zambia and Botswana's Sir Seretse Khama will also attend the meetings in the Tanzanian capital after a week of "unity" talks here aimed at ironing out difficulties and personality clashes within the leadership of the Rhodesian Nationalist movement.

The delegation was led by ANC President Bishop Muzorewa who today issued a blistering attack on the Smith Government and Rhodesian Security officials for allegedly trying to poison the movement's publicity secretary, Edson Sibhelo. Reuter adds from Dar es Salaam: President Mobutu Sese Seko of

Zaïre had cancelled plans to visit the Tanzanian capital at the week-end because of the internal situation following an attempted coup in Kinshasa last month, the Government-owned newspaper, the Daily News, reported today.

Neither Tanzanian Foreign Ministry officials nor aides of President Nyerere were immediately able to confirm the report.

In Kinshasa yesterday, the Zaïre news agency AZAP reported that a former Government Minister, Mr. Tshomba Somway Kimbway, was under arrest for alleged involvement in a plot to kill President Mobutu.

Quoting the newspaper Salongo, AZAP said Mr. Kimbway was removed from his post of State Commissioner (Minister) for Post, Telegraphs and Telephones after discovery of the alleged plot last month.

## How Save &amp; Prosper can help you make better use of your capital.

Investments are usually acquired over a period of many years and reflect your needs at the time they were purchased.

But times change—the economic climate, financial conditions—as well as your personal circumstances. As a result your present investments may not adequately meet your current requirements.

In this situation it makes real sense

to re-assess your investments and ask yourself whether or not you could achieve your present objectives more effectively in some other way.

We offer an exceptionally wide range of investment services which enable you to achieve your investment objectives in a simple and more tax-efficient way. We believe by using these services you can

make better use of your capital.

You can take advantage of any of our investment services either by investing directly or by exchanging shares through our Share Exchange Plan. 700,000 people have investments with us and we now manage funds of around £600 million on their behalf, making us one of Britain's leading investment services organisations.

## UNIT TRUSTS

Unit trusts represent a simple way of acquiring a well-diversified equity investment. They provide a far wider spread of risk than you could readily obtain on your own and they provide easy access to investment overseas. And they offer certain capital gains tax advantages as compared with direct equity investment.

By investing in a unit trust you can acquire an investment that can meet your particular equity needs with a high degree of precision and your investment will benefit from being under the constant supervision of professional investment managers.

We offer a range of 23 unit trusts, each with a carefully defined objective and investment policy, and which fall into two distinct categories.

First, there are the funds that offer a broadly based portfolio of some of which aim to meet particular income objectives.

Secondly, there are the funds that concentrate on specific investment situations and are designed for the investor who wishes to retain a high degree of control over his investment strategy.

## INVESTMENT BONDS

An Investment Bond is a single premium life insurance policy linked to any Save & Prosper Group Fund. These funds include the Property Fund which provides one of the few practical ways you can benefit from investment in commercial and industrial property.

The Bond can also be linked to the Balanced Investment Fund which covers the four main investment media, to any of 23 Save & Prosper Group unit trusts or to the Deposit Fund.

The Bond is a flexible investment contract offering the freedom to transfer between funds at a substantial reduction on normal costs.

There is also a withdrawal facility enabling you to withdraw 5% of your initial investment each year up to 20 years, free of all personal tax at the time.

## GUARANTEED INCOME PLANS

From time to time we are able to offer Guaranteed Income Plans which provide a high guaranteed income for a fixed number of years with full return of capital at the end of that time.

At present we are offering the Two-Year Guaranteed Income Plan which enables you to earn 8% each year for two years net of basic rate income tax at 35%. The income payments you will receive are made every six months.

After two years or in the event of your earlier death your initial investment will be returned in full with no liability to basic rate income tax. If you need to, you can cash in your Plan at any time and receive its value which we will quote to you at that time.

## Your next step

For further details of any of our investment services please complete and return the coupon opposite. You can then deal through your usual professional adviser—insurance broker, accountant, stockbroker, solicitor or bank manager. Alternatively, you can deal directly through our Customer Services Department.

## Professional advisers

Professional advisers requiring further information should contact Save & Prosper Services Limited on 01-831 7601. This is the company specially set up to provide them with information and guidance on how our services can help in all aspects of financial planning.

## SCHOOL FEES CAPITAL PLAN

It is often more financially advantageous and tax-efficient to make special arrangements in advance to provide for school fees payments rather than use capital or income when the fees actually become payable.

By making a single contribution to the School Fees Capital Plan you can reduce the burden of school fees considerably and provide a guaranteed amount of money at regular intervals during the child's education, free of all personal income tax liability.

You can use the Plan to provide either for future fees or for the payment of fees for a child already at school.

## HOUSE OWNER'S RETIREMENT INCOME SCHEME

You may not regard your house as capital but it could well be your most valuable single asset.

The Scheme provides a way for retired house owners to obtain an extra income for life based on the value of their house while continuing to enjoy the privileges and peace of mind of living in their own home.

It does not involve either selling the house or losing the freedom to move at any time. This Scheme is available to single or widowed people over 65 or married couples over 70.

## A WIDE RANGE OF ANNUITIES

We offer a complete range of annuities which provide a high income for older people.

By investing capital in an annuity you can secure a fixed or increasing income for life or for a fixed number of years.

Married couples can arrange through a joint life and last survivor annuity that payments will be made throughout their lives.

The main advantages of an annuity are that it offers a higher income than most other investments and the rate of return is guaranteed for whatever period is chosen.

## EXCHANGING SHARES

If you hold shares our Share Exchange Plan offers an attractive way for you to exchange your shares on advantageous terms for any of our investment services, except the House Owner's Retirement Income Scheme.

If we can accept your shares as part of one of our portfolios, we will give you the market offer price for them.

This is usually 2½-3% more than you would receive by selling them at the market bid price. Where we are unable to accept particular shares into our portfolio, we will sell them for you normally without making any deduction for costs of commission and stamp duty incurred.

The Plan is available for portfolios currently valued at £500 or more.

You should note that an exchange of shares would be considered a disposal for capital gains tax purposes.

To: Customer Services, Save & Prosper Group, 4 Great St. Helens, London, EC3P 3EP. Telephone: 01-554 8899.

Please send me booklets about the following investment services.

Name

Address

Not applicable to Eire

How many ways can Save & Prosper help you?

138/PT/1

Member of the Association of Unit Trust Managers and the Life Offices Association.

SAVE & PROSPER GROUP





**THERE IS** no doubt that some Ministers have consistently underestimated the urgency of our present economic crisis and that it was the extent of the resulting pressure against sterling last Monday—the weighted de-preciation against other currencies, which stood at 27.6 per cent. on the previous Friday evening, reached well over 29 per cent. at one time—which enabled the Chancellor to argue successfully at Tuesday's Cabinet meeting in favour of swifter and more drastic action.

The statement which he made to Parliament that same afternoon repeated his aim of bringing the annual rate of inflation down to 10 per cent. by the middle of next year and imposing a 10 per cent. limit on wage increases during the coming "round" to help achieve that aim. The statement was much more than a general declaration of intent, however. First, Mr. Callaghan announced that unless the TUC would come up with convincing proposals of its own, the Government would have to introduce legislation—its proposals to be set out in a White Paper at the end of next week. Second, public sector programmes would have cash limits set on their wage cost, so that in the public as in the private sector the result of excessive wage increases would be higher unemployment. Third, cash limits would be used on a wider scale in future to check the growth of public spending.

It was the Government's apparent readiness, in the face of all its previous statements, to introduce a statutorily-enforceable wages policy which claimed most immediate attention.

In fact, just as Mr. Jack Jones was able to swing the Transport Workers into support of voluntary restraint before the Chancellor's statement, so the TUC Economic Committee has proved remarkably ready to discuss seriously the possibility of recommending a wage limit of 10 per cent., or £8 a week at a flat rate, for the coming 12 months. Given the obvious problems of enforcement, indeed, the TUC General Council may even be willing to work a voluntary scheme in combination with statutory powers.

The main point, so far as the more moderate members of the

## *Burdens*

From Mr. R. Lambourne

Sir.—I heartily agree with Len Murray and Jack Jones that in the present economic crisis facing the country "people on top incomes should bear the biggest burden of all."

To this end I would like to propose that annual taxable earnings between £5,000 and £10,000 should be taxed at 60 per cent.; £10,000 to £12,000 at 65 per cent.; £12,000 to £15,000 at 70 per cent.; £15,000 to £30,000 at 75 per cent. and anything over that figure at, say, a swinging 83 per cent.

We could, of course, expect the unions of these "top people" to protest about victimisation and the lowering of differentials, etc., but all fair-minded people with a knowledge of their country's heart would surely support such measures.

If further burdens are thought necessary, consideration might be given to imposing a further—say 15 per cent.—tax on investment income over a certain level, leaving the top person with only 2 per cent. of his income, and possibly limiting tax relief on buying property to one house per person with a top borrowing limit of, say, £28,000.

If these measures are not found to be stringent enough we should be tempted to increase the burden by introducing further new taxes. What about a wealth tax and a tax on gifts?

The state of the nation calls for sacrifices of this kind which would surely satisfy Messrs. Murray and Jones and the Trades Union movement. Or would they?

R. J. Lambourn.

The Court,  
Arlington,  
Berks.

From Mr. M. Phillips.  
Sir.—D. King (June 27) drew attention to the inflationary combination of annual increments and cost of living rises for NALGO workers. He only touched on a fundamental difference, however, in the way the more vocal elements in the wages argument see each other.

From Mr. J. Horsfield.  
Sir.—When Lord St. Leonards  
the new Minister to the  
a better deal for British

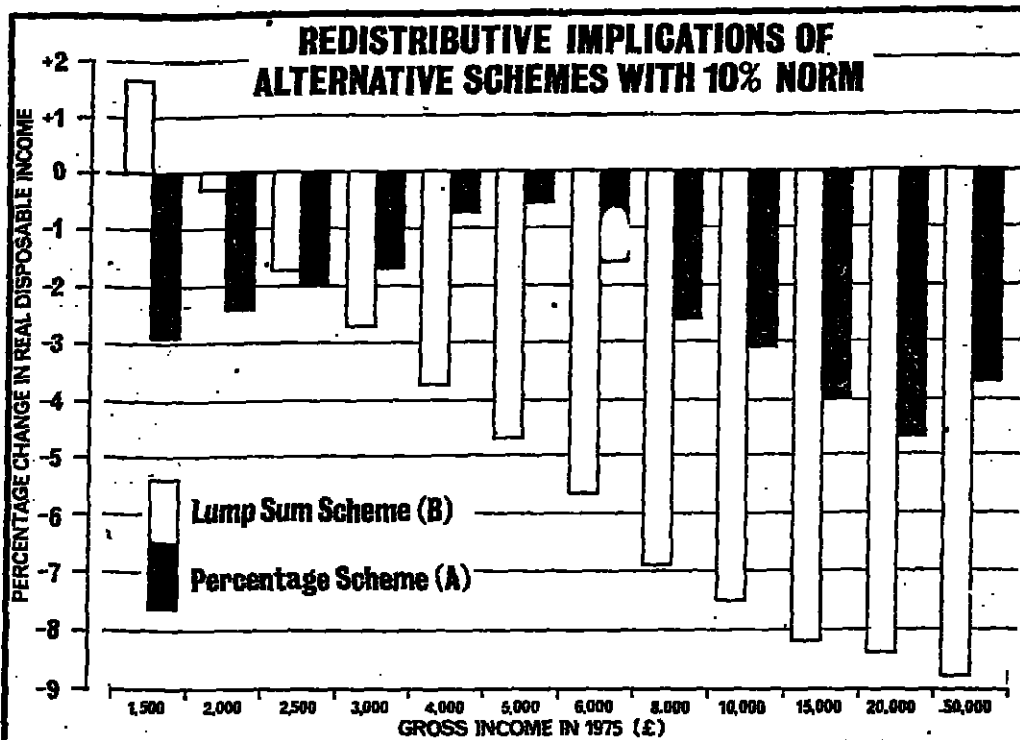
## BY DAVID WORSWICK

**H**OW will a 10 per cent. pay limit affect living standards? And how best should any increased living standard be allocated? These are ambiguous questions. Does it refer to income before tax, after tax, or to actual consumption? Does it include the so-called social wage? For the purpose of this article we refer to the concept of real personal disposable income, that is to say, the sum of the net income received in the first six months. Thereafter I would expect the balance of factors to move in a positive direction.

However, there is a final factor of great importance. So long as inflation continues and appears to be under control the Chancellor's ability to take measures to expand the economy is hamstrung for fear of the consequences on the exchange rate. Indeed, he might well have been driven to even

other hand at the bottom end of the scale the effects of the proportionate scheme are opposite to those of the lump sum scheme. Instead of raising the real disposable income of the lower income earners it depresses it. This is because incomes originally too low to pay income tax are pushed across the tax threshold by inflation.

A maximum proportionate drop occurs for the earner who



Prices are assumed to rise by 10 per cent. in both cases. Gross income is assumed to rise by 10 per cent. in the proportionate scheme A and by £5 in the lump sum scheme B. Disposable income is obtained by deducting income tax and national insurance contributions (both at 1975/76 rates) for a married couple with one child under 11.

some past increases in the pipeline. Then, too, the world prices of our imports are expected to rise a little and this will appear relatively larger as we restrain our own domestic costs.

But there are other factors which will make for expansion: "a fiscal drag" will be less, that is to say the income tax system will take a smaller proportion of the rise in nominal incomes. Then too, the exchange rate is likely to fall less than otherwise would. The exchange rate cannot fall further than cost alone dictate if creditors come to believe that British inflation cannot be brought under control, and cease to lend or start to withdraw funds. Convinced of this, the Government will have evidence that inflation is under control could mean that our terms of trade would be more favourable than otherwise, which is good for living standards. Now these different factors will balance out is hard to say: I would guess they might be about standard one or two per cent below what they otherwise would have been within the

more severe measures of contraction. As inflation is seen to be under control, so the Government's ability to influence the real economy, that is production and employment, is restored.

Given that some fall in real disposable income in the next 12 months is very likely, how much should the 10 per cent. nominal pay limit be operated? The number of theoretical alternative ways of confining the increase in the total wage and salary bill to 10 per cent. is almost limitless. But a good deal can be learned from looking at two extreme possibilities.

In the first one, scheme A, we suppose that each individual income is increased by 10 per cent. In the second, scheme B, we calculate the amount which would be needed to raise the average income by 10 per cent. and allow this lump sum, which works out at £5, to every worksite and salary earner irrespective of the size of his income. To work out the impact on real disposable income we have to make an assumption about prices, and for convenience we assume that prices also will rise by 10 per cent.

Because of income-tax this

On the face of it one would expect scheme A, the percentage increase scheme, to reproduce a similar redistributive pattern, only less markedly. So far as the higher incomes are concerned, this appears to be approximately the case. On the

cuts in already unbearably bad services (July 1). The same policy is being pursued by the Labour Greater London Council, which after winning an election on a platform of frozen fares for public travel, has now doubled fares.

the latter only a handful were produced. I understand it was an adaptation of the steering mechanism of first world war tanks. Later it was developed further and widely used on public service vehicles and Daimlers etc.

What seems incomprehensible is that at the same time as the 30 per cent. of us who commute to work by public transport are being hit by the GLC and Department of Transport's 10 per cent. of car-commuters are having their already comfortable journey made yet better by unbelievably lavish and costly road improvements, for example, the GLC and Department of the Environment have just approved a scheme for making one mile of Archway Road, London N6, twice as wide as Westway at a cost of £100 million or more.

Is there any calculation made outside the lunatic asylum which can justify this sort of luxury spending for the benefit of a tiny minority making life for the rest of us harder and more expensive still?

In 1930 Vauxhall was producing a fairly attractive saloon of adequate quality, pleasant to drive but indifferent top gear and a few minor faults, with good and light brakes, in advance of most other pre-hydraulic mechanisms. It was without transatlantic influence, either in design overall or details. This first came in 1935, when the Cadillac—rather a disaster. The aluminium pistons of the 17 hp engine (not used in the export unit) tended to collapse under the weight of the drum brakes, brake linings sometimes adhered to the drums, half shafts broke, clutches juddered, and, worst of all, nothing would be done to improve the engine, exposed to low temperatures, save draining the water and filling with very hot water. Other

If Mr. Crossland and the GLC are playing at Scrooge, let it be done even-handedly, and not at the cost of the weaker and poorer members of the community.

J. A. Stern,  
Shepherds Hill Association,  
Eton Court,  
Shepherds Hill,  
Highgate, N.S.

**Vauxhalls**

from Mr. R. Holden

Sir,—Mr. Satherley (June 21) enquired as to the General Motors took over Vauxhall in the 20's and I support his view that quality did not immediately collapse—it merely continued to improve. The "type H" was the "exclusive powerful car" mentioned by James Ensor was the 30/98 a car of great distinction and renown, raced all over the world for many years. A smaller vehicle followed, gaining not much fame, Pre-GM Vauxhall pioneered several significant advances, hydraulic brakes tried out on one model and then on all successful epicyclic pre-selecting gearbox on another. Of

at high speed under various road conditions on the Twentynine. Vauxhall) never produced a 14hp six cylinder. Mr. Satherley is thinking of the "type H" with somewhat higher capacity. The similar 4 cylinder "H" type also produced in mid-thirties, was the first really successful model to be taken over. It was available with a 12 or 16 hp engine and was a noisy, easy to drive little car with hydraulic brakes and excellent power unit. It was brought forward to the first 30,000 or so through defect giving the possibility of a lever slipping from position, discovered with much publicity and was smashed into Buckingham Palace.

R. Holden.

49. The Hall,  
Blackheath, SE3.

If the 10 per cent. is to be embodied in a voluntary contract between the trade unions and the Government, the flat rate scheme looks more attractive. It is simple and easily monitored, an important feature for any voluntary system. It enables the lower paid earners to make a positive advance, while those in the middle suffer small reductions and the higher income earners suffer substantial losses. The danger comes in a year's time, if those who have lost part of their differential try then to restore it.

There still remains one great difficulty in changing down the rate of nominal pay inflation from the order of 2½ per cent. to 10 per cent. within a 12-month period, namely the "anomalies of introduction." If all wage increases were already synchronised on a single day there would be no problem: but in fact increases are spread throughout the year.

It could be said that the annual wage round would, in the summer months, be successive rounds, the real wage structure which emerged from the last, establishes a set of relations which are broadly acceptable to all workers. It is more likely that neither piggybacking nor the moving stair with wage increases uniformly distributed through the year of self-contained rounds at completion of which real wages are all in some kind of equilibrium, is a true representation of the facts, which somewhere between. What is certain is that the introduction of the new limit is bound to generate many anomalies, at least of which will be considered to be genuine.

A possible means of dealing with these "anomalies of introduction" would be to reduce the flat rate by, say, £1 and authority to an Anomalies-Relativities Board to authorise additional wage payments in

Suppose we leave the case of a man whose income goes up by 20 per cent. stops over a year while prices are rising uniformly through the year at an annual rate of 20 per cent.: then the profile of that man's momentary real income is like the teeth of a saw. Once a year his real income takes a jump of 20 per cent.; then for the remainder of the year it falls steadily. In January, the month when he receives his annual rise, his momentary real income will be 10 per cent. above his annual average, in June his real income will be at the annual average, and in December it will be 10 per cent. below.

If, during the next 13 months, prices are going to go up by around 10 per cent. instead of something like 20 per cent., it makes a great deal of difference to a wage earner just when he had his last increase. If he has had one recently his real income in the coming year will be higher throughout than he originally anticipated at 20 per cent. inflation. He will only get down to his annual average at the end of the year.

On the other hand, someone whose last increase was in, say, September 1974 will now have a momentary income running below his annual average and he would expect that his next rise should be at least 20 per cent. to push him up again before he starts once more on the annual downward slide. Instead of this he will only be pushed up by 10 per cent. so that at the beginning of the coming wage round his momentary real income will be at his annual average and thereafter will decline.

Against this line of argument

e should also give weight to the problems of the 1970s. Even supposing that the 10 per cent per capita limit is operated, without any serious difficulty, in one form or another, and that the rate of growth is correspondingly brought down, can we seriously expect to be able to return to full employment and a collective bargaining system without starting up again the process we are now trying to control? It is very unlikely that the rate of growth will be much more likely than it has been to be an obvious constraint for some system of controlling the rate at which national incomes increase. It will become a necessary part of the armoury of economic management. An Anomalous Board established by the Civil Liberties Board establishes the first instance to cope with the serious problems and special difficulties which arise from the introduction of a new policy which turns its attention to assisting the operation of a multiple system to replace the 10 per cent limit in a short time.

**Worswick is Director of the National Institute for Economic and Social Research.**

Schlesingers recommend that you  
**Invest 40%**  
of your portfolio  
**overseas**

**Here's how to achieve it—  
and largely avoid the dollar premium.**

We believe overseas shares are essential in any private portfolio today. That is not only good advice but, in the present climate, no more than commonsense.

The multiple benefits of this investment strategy are attainable through one simple transaction - investment of 40 % of your capital in International "PIMS". This offers other important advantages:

\* You save substantially on the dollar premium, which means most of your money goes into productive

Investment, avoids the 25% premium surrender rule and involves much less risk, by using back-to-back facilities.

\* You gain proven international investment

\* You gain the important tax advantages available to unit trusts.

\* You save by switching into International "PIMS" from your existing holdings through the Share Exchange details and a copy of the latest "PIMS" report. If you would like to discuss your personal requirements in detail please

Plan, instead of selling. contact Ian Forsyth.

# International "PIMS"

exclusive to  
**SCHLESINGERS**  
Specialists in the management of private, institutional  
and pension funds.

**Schlesinger Trust Managers Ltd.,**  
19 Hanover Square, London W1R 9DA. Tel: 01-409-3100  
Weekend and evening Answerphone Tel: Dorking (0300) 88441  
Members of the Association of Unit Trust Managers.  
Not applicable to Euro.



# Travelling light with a shrinking pound

BY ARTHUR SANDLES

THE TWO WORDS for which the travel industry has been scanning the newspapers in the past few days have been "travel allowance." The prospect of a restriction on the amount of money that a Briton can spend abroad in any one year may not be real, thanks to the complications it would bring to our financial relationships within and without the Common Market; but it is as lively a ghost as ever haunted a commercial activity. A travel allowance would not only be largely ineffective, but it would also throw a substantial spanner into the travel works.

Not that everyone in the travel business would be unhappy with such an allowance. Among the package tour companies, for example, there might not be too much disquiet if a limit of, say, £100 a year were imposed, although the State airline, British Airways, would probably be more than a little cross. A quotation widely attributed to Mr. Vladimir Raiz of Horizon fame is that the "package tour industry owed its growth to the £50 travel allowance."

## Outgoings

There is a measure of evidence to support the theory. At times of restraint on foreign spending holidaymakers seek to make the most of their available money, and taking package tours, short haul at least, is one way of reducing the outgoings. Under a normal travel allowance system, the cost of airline

tickets is not part of the allowance, and so only the hotel has to be paid for in foreign currency. A package tour cuts even that outgoing and leaves something in the pocket for sangria, rum punch, grilled sardines or paella.

The arguments in favour of a travel allowance are to some extent psychological and political rather than practical, since it is traditionally the middle classes which are the main holidaymakers and a limit could be seen as a further assault on their privileges. But the case can, to a degree, also be argued on economic grounds. Whatever the British Travel Authority might have said in the past, the holiday aspect of the British travel account has been in deficit in recent years. The much-vaunted profit on British tourism is in fact due to the much higher spending by foreign businessmen in Britain than by British businessmen abroad, and to such activities as student travel and family visits. The position may have changed in 1974 and this year, but the breakdown is not yet available, and these years are not likely to alter the long-term pattern, which is of an overall loss position.

On balance, however, a travel allowance remains a pointless exercise since it is difficult to enforce, provokes irritation among trading partners, and really saves very little money. It tends to divert foreign traffic rather than reduce it: the gainers are such nearby destinations as Spain and Greece, and the losers are the long

haul developing nations such as Kenya, Jamaica, Sri Lanka and Fiji.

The travel industry is therefore paying rather less regard to the travel allowance prospect than to the overall impact of the falling value of the pound. This steady devaluation of sterling is having sufficient effect, the industry argues, without the necessity of a travel allowance.

## Reservations

Not that there is much evidence of the fall in sterling hitting travel bookings at the moment. The anticipated decline in foreign travel this summer has in fact proved to be a much documented boom producing, if anything, an embarrassment of hotel reservations and the prospect of profit in the future. It begins to look as if the British holidaymaker has resigned himself to surcharges and now offers little if any price resistance. "We are, of course, careful in our surcharging," said one tour operator. "But sometimes I think that the customers are punch-drunk. They know they are going to have to cough up, and they do so, without question."

Certainly this newspaper's post-box, which two years ago was awash with detailed complaints about surcharging, now contains only a trickle of such items. Consumers are, of course, much more sophisticated about the whole thing. They understand that the surcharge on a long-stay holiday in an area which has seen a substan-

tial rise in the value of its currency against sterling is likely to be higher, in percentage terms, than a short trip to another resort, since the foreign currency content is greater.

What the tour operators are more alarmed about is the impact on travellers of the reduced value of their pounds

presumably in the hope that the interest gained on the money would compensate for any loss in exchange values. Others, including Thomson Holidays and British Airways, guaranteed the price of their holidays from the date of final invoice, usually not less than six weeks from departure. A

rules, clients have had a much broader right of cancellation on their holidays if they felt the cost had risen too much; but in fact very few have cancelled. This phenomenon is not unique to Britain. Operators in Germany and Scandinavia were also expecting their clients to back off at the last minute as the real facts of economic life presented themselves. But operators such as Thomson, which has one of the most liberal cancellation clauses, claim that very few people have found the payment burden too high.

Thus we come to the issue which is likely to be the most important over the coming months — overbooking. There have already been complaints that some hoteliers have accepted more reservations than they have beds, and that there is a prospect of British travellers being turned away from Mediterranean hotels during the next few weeks.

It is not unusual for anyone in the travel business to overbook. Hotels and airlines normally assume that a few at least of those who book in January will be ill, dead or financially embarrassed by the time the departure date arrives. A 10 or 15 per cent. overbooking factor is therefore introduced in the peak months to allow for this. Otherwise, people would have to pay in full for rooms cancelled (a difficult rule to enforce—how do you cope with a Colombian national who books a hotel room in France via a London travel agent?), or all hotel rooms would have to be loaded with a cancellation factor

in much the same way as chain store prices are loaded to allow for shop-lifting.

## Collapse

But this year the hotels expected that the cancellation rate would be much higher. After all, had they not been told that the U.K. was on the edge of collapse? So some hotels have, by report, overbooked to the extent of 40 per cent. But the cancellation rate is at normal, or even less than normal, levels.

So it is all the fault of the hotels? Well, no. The Spanish authorities have strict rules about overbooking and will take punitive measures against hoteliers who do not keep rooms which have been properly booked. But the accent is on the word properly. When a British tour operator cries that his clients have been refused entry, the Spanish Government instantly calls for documentary proof. This means producing evidence that the tour operator has properly fulfilled his part of the contract so far this season. In other words, that earlier in the year he has filled the rooms that he booked, or that he cancelled them according to contract, and that all payments required in the contract have been made on time.

So far this year not one British tour operator has produced documentary proof of overbooking to the Spaniards. Some operators simply do not tell the hotelier when they are not sending the 50 clients each

week for whom they have reserved rooms," said a Spaniard yesterday. "Then, suddenly, when they actually do come up with the clients they complain because the hotel has looked elsewhere. The answer is simple. If the tour operator books rooms he should pay for them, used or not, then they will be there. We have tried to get the tour operators to enter into some firm commitment like this but they simply will not do it. They prefer to blame the problem on us."

## Guidelines

What it boils down to is that contracts such as those in the hotel business are normally used as guidelines. Business continues to be done on a man-to-man basis.

The breakdown of such an amicable arrangement is inevitable in peak season when the customers have not played according to the predicted rules. It is going to be difficult explaining that fact to the travellers, and it is going to be even more difficult to explain it when people are informed of overbooking when they have only a few days to go before they depart for their holiday. Tour operators might be forgiven for the occasional overbooking problems. But an operator who cries overbooking after the client has paid his final account, and therefore after the hotel should have been sent a rooming list and rooms not needed released for sale elsewhere, has not been caught by misunderstanding; he is the victim of his own inefficiency.

## LABOUR NEWS

### APEX staff seek say in running Lucas

BY CHRISTIAN TYLER, LABOUR STAFF

THE LUCAS electrical group has been asked by the Association of Professional, Executive, Clerical and Computer Staff (APEX) to give its white-collar workers a say in the running of the company.

APEX said the idea had been favourably received by the Joseph Lucas industrial relations staff at a meeting yesterday. They had proposed widening the discussions eventually to cover all employees.

The move anticipates forthcoming legislation on industrial democracy.

### Equal control

APEX is not yet proposing 50 per cent. worker directors on the main Board, as suggested by the TUC, but is looking for equal control on special departmental committees dealing with organisation and work methods.

The request was attached to the union's annual claim for "substantial" pay rises for 8,000 white-collar employees. It said it was the first trade union to present a major engineering company with worker participation proposals. However, big groups like British Leyland, Alfred Herbert and

Ferranti, all of which have run into financial trouble are moving along the road to industrial democracy with Government involvement, as are the shipbuilding and aircraft companies, which are listed for nationalisation next year.

APEX says trade union representatives and company directors should set up a central committee with overall supervision of issues raised by the departmental committees.

Mr. Ray Edwards, APEX assistant general secretary, says the latter should be "genuine decision-making bodies." The idea of worker representatives at Board level was a "valuable long-term objective."

### Parsons decision

Four thousand manual workers, who were due to begin a strike last night at the Newcastle engineering works of C. A. Parsons, gave the company a brief reprieve after a last-minute improvement in their pay offer.

The new offer is to be put to the men at a meeting to-day. Shop stewards said acceptance was in the balance and the strike might still go ahead next week.

### Index deal for tube staff

BY OUR LABOUR STAFF

A WAGE agreement for London Underground staff based almost entirely on index-linked cost of living payments—past and future—was accepted by the largest rail union yesterday.

The National Union of Railwaymen said the agreement "more than matched" the controversial 30 per cent. British Rail deal secured after the NUR threatened a national strike.

London Transport said its offer in 15,000 employees was worth 21.2 per cent. on basic rates. However, a new index-linking agreement could add another 7 or 8 per cent. to this by the end of this month as well as guaranteed increases through to next January.

It was one of the pioneers on index-linking last year when it continued "threshold" payments after the end of the Conserva-

tives' Stage Three. Both its rail underground and busmen collected a total of £5 a week this way, when most workers—about 10m. of them—halted at £4.40. This £5-a-week makes up most of the 21.2 per cent. LT figure.

Under the new arrangement Underground staff will get 1 per cent. on their basic pay for each 1 per cent. rise in the retail prices index.

According to the union, weekly basic pay of the lowest grade will rise from £27.15, plus £3 threshold, to £36.38 from July 21. For guards the rise is £32.31 (plus £8) to £42.15, and for the best-paid train driver £48.20 (plus £5) to £53.25.

The new index-linking will be paid quarterly from the end of July to January, when it may be reviewed. LT busmen recently concluded a similar deal.

### Seamen back award

BY OUR LABOUR CORRESPONDENT

MEETINGS OF seamen at several ports yesterday came out in favour of accepting the 37.3 per cent. arbitration award which was rejected by the National Union of Seamen's executive earlier this week.

At the largest of yesterday's meetings involving some 1,500 seamen at Dover, only 14 were against acceptance of the award which would improve the earnings of Britain's 40,000 seamen

from £39.25 to £71.44 now and to £77.63 next January. Smaller meetings in Sunderland and Newhaven and aboard the P. & O. liner Arcadia off Australia also supported acceptance as did the Weymouth branch which also called on the executive to reconsider its decision. Several meetings on smaller vessels, however, urged rejection of the award in a ballot of NUS members to be held over the next few weeks.

### Shrewsbury release hopes

BY LORELES OLSLAGER, LABOUR STAFF

MR. JACK JONES, the general secretary of the Transport and General Workers' Union, said yesterday that he was "hoping for good news" on the two Shrewsbury pickets jailed for conspiracy. He would not elaborate, but earlier Mr. George Henderson, a national officer, told the union's conference in Blackpool that there was reason to hope that the two would be

released "very shortly" mainly because of the continued representations Mr. Jones had made to the Government. The conference called on the TUC to press for an urgent review of the conspiracy laws "to ensure the protection of the trade union movement" and to pursue an urgent campaign for the immediate release of the two pickets.

## Library royalties promise to authors by Government

BY JOHN HUNT

A PROMISE that the Government would introduce a Bill as soon as possible enabling authors to receive payment for the use of their books by public libraries was given in the Lords yesterday by Lord Strabolgi, the Government spokesman on the Arts in the upper House.

He read out Government acceptance of the authors' just claims and said there was ample evidence that they felt that their case had gone unheeded for too long. It had not been easy for the Government to find a workable way of giving effect to a public lending right.

The Government was already preparing a Bill on the subject. It was hoped that the decisions on the type of scheme which will be proposed in the Bill would be adopted early in the autumn.

On receipt of this assurance Lord Willis, the author, withdrew a motion calling for a second reading of his own private member's Bill on public lending rights.

### Among the poorest

During a lengthy debate, peers from all sides of the House attacked the Government for not having already brought forward a Bill of its own.

Lord Willis said that there would be riots in the streets if nurses, doctors or road sweepers were paid the sort of money earned by the average writer. The average author only earned about £10 a week from royalties.

Authors are without doubt one of the poorest sections of workers in this country. It is back-breaking, mind-stretching and exhausting, physically and mentally.

His Bill was not a threat to the

free public lending library system, but merely sought to ensure that writers were given equal treatment with dramatists and composers. It did not ask that the borrower should pay for each book taken out of a library.

Full support for the public lending right principle was pledged on behalf of the Arts Council by Lord Gibson, its chairman.

Lord Gibson, who is also chairman of the Financial Times, said that despite his connection with Longmans and Penguin it was not on behalf of publishers that he wanted to see a lending right, but on behalf of authors. The most satisfactory system would be for the Government to "take over Lord Willis's Bill and fill in the gaps in it."

If this did not happen he felt the House should vote for the Bill as it stood.

### "Breach of faith"

Lord Goodman said that the Government was in breach of faith in not having already introduced a Bill. It was absolute nonsense to say that a satisfactory scheme could not be devised. Lord Elton, the Opposition Arts spokesman in the Lords, said that the Government had not met its own deadline in producing a Bill.

"It is right and just for the payment of a recognition to authors for what could be described as exploitation of their works in lending them at no charge to the public."

Lord Beaumont of Whitley (Lib.) said that it was a difficult time to ask for money for the Arts, but there was a quite definite case of injustice to authors involved.

## Newman-TPG scheme opposed by director

BY NICHOLAS LESLIE

PLANS FOR a re-arrangement of interests between Newman Industries, electric motor specialists, and Thomas Poole and Gladstone China as a prelude to what is claimed to be the setting up of a "unique equity structure" have run into opposition from a non-executive director of Newman.

Mr. Angus Murray, who is also chairman of the engineering group Redman Heenan International, says that the proposals are "not in the best interests of Newman shareholders."

The deal envisages Newman taking over all the main quoted investments owned by TPG — except its 25.6 per cent. holding in Newman.

It also requires Newman to take over the benefit of £30,000 owed by Mr. M. C. Abbott, promissory notes totalling £100,000 issued by Smithamco, a balance of £144,000 with a clearing bank and TPG's leasehold interest in its administrative offices.

For all this, Newman will pay £25,000, of which £215,000 has been paid on account.

Among interests held by TPG is a 20.8 per cent. stake in Dover Engineering Group, of which Mr. M. C. Abbott is chairman.

Another part of the proposal is that Newman should buy from Strongpoint—a private concern owned by Mr. Alan Bartlett and Mr. J. K. Laughton, chairman and deputy chairman, respectively, of TPG and Newman—a 19.8 per

cent. holding in TPG, with Strongpoint retaining a 16 per cent. stake.

The option price is 10p per TPG share, which compares with yesterday's close of 43p. Newman's shares were unchanged at 59p.

All the proposals will be considered by shareholders in Newman and TPG at extraordinary meetings on Tuesday.

There are also subsequent plans for an "industrial co-operative" whereby workers in Newman, TPG, and the four main companies in which shareholdings are held to be given options to buy a new class of equity, but Mr. Bartlett recently said that there was still a "very considerable amount" of preparatory work to be done.

Mr. Murray has written to Mr. Bartlett complaining that he received no notice of a Board meeting at which it was decided to recommend to Newman shareholders to vote in favour of the proposals.

He says that he is not satisfied that the portfolio to be bought from TPG is sufficiently compatible or synergistic with those of Newman and considers the acquisition of substantial and additional commitments would overstrain the management resources of Newman.

Mr. Bartlett added that the validity of the proposed acquisition was a matter for the shareholders and the proper forum for any questions was the extraordinary general meeting.

## Imperial Typewriter seeks possession writ

BY LORNE BARLING

IMPERIAL Typewriter, which ceased production at its two factories in February with the loss of more than 3,000 jobs, yesterday applied for a High Court writ to regain occupation of its Hull premises which have since been occupied by workers. Imperial said that it had honoured undertakings not to dispose of assets until Government and union feasibility studies on continued production had been carried out.

Its action came after a letter from Lord Beswick, Minister for Industry, to trade unionists and composers, in the absence of proposals which would lead to new use of factories in Hull and Leicester. The company could not be asked to wait any longer.

It was announced this week that Litton Industries, the American owner of Imperial, had sold two of the Leicester factories to a women's clothing

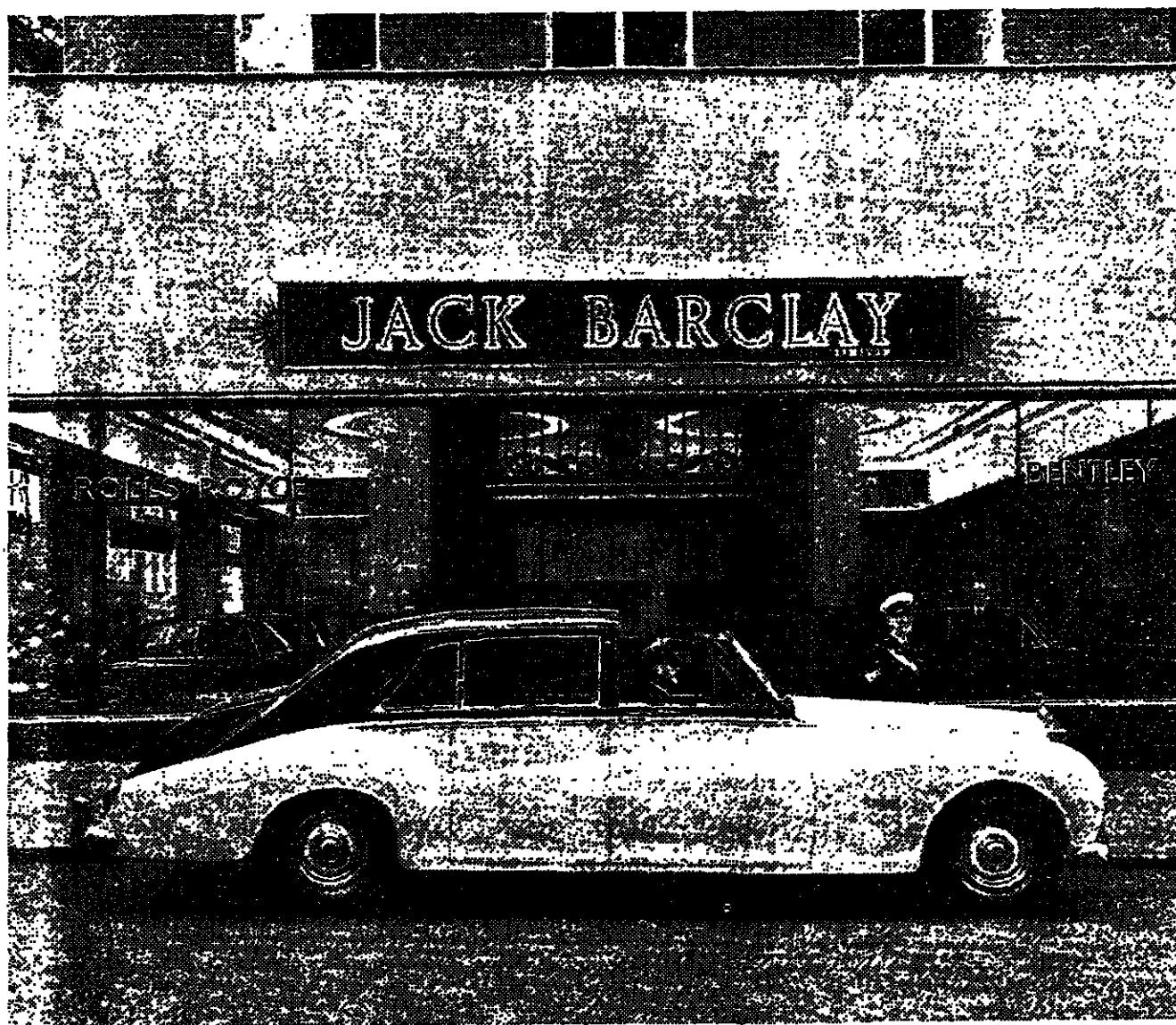
manufacturer. Lord Beswick has made it clear, however, that he was still willing to consider any new proposals for Hull.

About 70 workers occupying the factory would not be remunerated on the writ, which has yet to be served. The company said residual work for about 200 people had been prevented by the occupation.

It added: "The illegal action taken by the sitters-in has not only prevented the company

from honouring its commercial obligations, but has also prevented actual gainful employment of many people concerned with the marketing and servicing of typewriters."

It wished to meet outstanding orders, supply spares and deal with administrative matters such as national insurance and tax money still outstanding to employees.



## The largest special selection of used Rolls-Royce and Bentley motor cars.

ROLLS-ROYCE		COACHBUILT	
FOUR-DOOR SALOONS		FOUR-DOOR SALOONS	
1973 (Jan.) Silver Shadow Saloon. Shell Grey with Red hide. Recorded mileage: 5,000	£13,950	1972 (July) Silver Shadow Saloon. White with Red hide. Recorded mileage: 43,000	£7,750
1974 (Sept.) Silver Shadow Long Wheel-base Saloon without Division. Dark Blue with Blue cloth interior. Recorded mileage: 11,000	£13,300	1971 (June) Silver Shadow Long Wheel-base Saloon without Division. Dark Blue with Dark Blue hide. Recorded mileage: 59,000	£6,950
1974 (Oct.) Silver Shadow Saloon. Walnut with Beige hide. Recorded mileage: 3,000	£12,950	1970 (Oct.) Bentley T Series Saloon. Tudor Grey over Shell Grey with Light Blue hide. Recorded mileage: 40,000	£6,950
1974 (May) Silver Shadow Saloon. Willow Gold with Black hide. Recorded mileage: 8,000	£12,950	1970 (Dec.) Silver Shadow Saloon. Shell Grey with Dark Blue hide. Recorded mileage: 51,000	£6,750
1973 (May) Bentley T Series Saloon. Larch Green with Green hide. Recorded mileage: 28,000	£9,500		

We currently require to purchase low mileage Silver Shadow and Corniche motor cars.

Jack Barclay Limited, Established 1926, the world's largest distributors of Rolls-Royce and Bentley motor cars. Berkeley Square, London, W1. Tel: 01-629 7444. A member of the Dutton-Forshaw Group.























## 19

**NEW "HIGHS" AND "LOWS" FOR 1975**

The following securities (members by parenthesised) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

**NEW HIGHS (18)**

**BANKS (1)**  
Savings Soc. 65-75 Electric Pac 74-77  
**COMMONWEALTH & AFRICANS (2)**  
Australia Gd. 74-75 Jamaica 70c 78-78

**AMERICANS (1)**  
Browning-Ferris  
**SERVICES (1)**  
Brown Shipley  
**BEERS (1)**  
Canamero  
**ELECTRICALS (1)**  
Raeal Electronics Ultra Electronic  
**INDUSTRIALS (4)**  
AD International Leisure Caravans  
Dunbee-Emery, Marc Sammers  
**PROPERTY (1)**  
Soroc  
**TEXTILES (2)**  
Dawson International Design Internat. 'A'  
**TRUSTS (1)**  
M. and G. Day  
**TEAS (1)**  
Cessnock

**NEW LOWS (5)**

**ENGINEERING (2)**  
Birmingham Pallet Mch.  
**INDUSTRIALS (1)**  
United Industrial  
**PROPERTY (1)**  
Goodyear  
**TEXTILES (1)**  
Fairfax

**RISES AND FALLS YESTERDAY**

	Up	Down	Stagnant
British Funds .....	43	3	1
Corpus. Dom. and .....	—	—	—
Foreign Bonds .....	15	—	—
Industrial .....	99	156	10
Financial and Prov. ....	149	99	395
Oils .....	14	4	14
Plantation .....	4	3	12
Mines .....	37	27	98
Recent Issues .....	22	6	46
Totals .....	751	288	1756

**ACTIVE STOCKS**

No. Stock	Denomina- tion	Closing marks price (p)	Change on day	1975 high	1975 low
Bowater "New" ...	Ni/pd. 22	68*	+ 6	31*	73*
GMPFS .....	25p	13	28*	+ 4	68*
Phoenix "New" ...	Ni/pd. 12	68*	+ 1	—	—
BP .....	£1	10	260	+ 4	302
Grand Met. ....	25p	10	68	+ 5	69
Boots .....	25p	9	211	+ 8	276
Courtaulds .....	25p	9	126	+ 4	140
Bank OZ .....	25p	9	155	+ 10	205
Reed Int'l. ....	£1	9	236	+ 3	297
Shell Transport ..	25p	9	315	+ 13	343
SEMI .....	50p	8	185	+ 3	200
Fisons .....	£1	8	372	+ 4	415
EN .....	£1	8	227	+ 1	254
Petr.-Hlsy. "Nw."	Ni/pd. 8	10*	+ 4	10*	5*

**DOWN THE WEEK —**

No. Stock	Denomina- tion	Closing marks price (p)	Change on day	1975 high	1975 low
Bowater "New" ...	Ni/pd. 99	28*	+ 6	31*	73*
Glaxo "New" ...	Fly/pd. 99	248	+ 10	302	300
ICI .....	£1	99	368	+ 3	382
Shell Transport ..	25p	66	313	+ 9	343
Millers .....	25p	65	17	27	18
Midland Bank ..	£1	65	385	+ 28	305
Phoenix .....	25p	64	211	+ 12	276
Markets & Spencer	25p	61	203	+ 21	256
BATTS .....	25p	60	185	+ 12	338
Grand Met. ....	25p	60	68	+ 9	69
Beecham .....	£1	60	237	+ 19	277
GE .....	25p	59	257	+ 24	301
EMI .....	50p	59	185	+ 15	200
Natl. Westminster	£1	56	227	+ 12	275

**Option Report—3-month Call rates**

**OPTION DEALING DATES:**

First Deal-	Last Decla-	Last Settle-
June 5	July 7	Sept. 18
July 5	Aug. 7	Oct. 14
Aug. 5	Sept. 7	Nov. 11
Sept. 5	Oct. 7	Dec. 11

"Calls" were dealt in Charter-

mill Finance, Peachey Properties and Cavenham. "Puts" were done in Oil Search, Courtaulds and Grand Metropolitan, while "doubles" were arranged in Grand Metropolitan, National Laminating Bank warrants, Barnham Oil and Peachey Properties.

Instrument	Call U.S.A. 3m	Call U.K. 3m	Put U.S.A. 3m	Put U.K. 3m	Warrant	Price
A.P. Cement ..	20	3	20	3	Anglo Amer.	50
A.E. Leontine ..	20	3	20	3	Banknote Pri.	70
Barclays Bank ..	20	3	20	3	Charter Corp.	28
Bentley Bros ..	20	3	20	3	Consolidated	65
Beta Drug .....	20	3	20	3	Coca Cola	25
Brewsters .....	20	3	20	3	De Beers Ltd.	25
British Airways ..	20	3	20	3	P. & S. Global	85
British Overseas ..	20	3	20	3	Great Builders	12
Burlington .....	20	3	20	3	Hammerton Press	10
Cambridge .....	20	3	20	3	Kingsway	140
Centenary .....	20	3	20	3	Lombard	19
Distillers .....	20	3	20	3	London	18
Dominion .....	20	3	20	3	Mercator Export	8
Dunlop .....	20	3	20	3	Pharmacia	375
Edwards .....	20	3	20	3	Rio Tinto	20
E.I. du Pont .....	20	3	20	3	Wellman	55
E.L.A. Trust .....	20	3	20	3	West Africa	10
Ensign .....	20	3	20	3	Watershed	10
Esso .....	20	3	20	3	Zambia Corp	10

## TY BOND TABLE

LOCAL AUTHORITY BOND TABLE									
Authority (telephone number in parentheses)		Annual gross interest	Interest payable	Minimum sum	Life of bond				
		%		£	Year				
Barking (01-592 4500)	.....	11½	1-year	1,000	2-5				
Burnley (0282 25011)	.....	12	1-year	1,000	3-5				
Dartford (27266)	.....	12½	1-year	5,000	2-5				
Dudley (0284 211585)	.....	12½	1-year	1,000	3-4				
Exeter (0392 73888)	.....	12	1-year	500	3-5				
Greenwich (01-854 8888)	.....	12	1-year	500	3-5				
Liverpool (051 227 3911)	.....	12	1-year	500	2-4				
Liverpool (051 227 3011)	.....	12½	1-year	500	5-5				
Redbridge (01-478 3020)	.....	12½	1-year	5,000	5-5				
Sandwell (021 589 2226)	.....	12	1-year	1,000	2-5				
Sutton (051 822 4040)	.....	12½	1-year	2,000	3-5				
Thurrock (0375 5122)	.....	11½	1-year	300	1-1				
West Yorks. (0824 752294)	.....	12	1-year	1,000	2-4				

Statistics provided by  
**data STREAM International**

Flat yield		Red. yield		Premium†		Income			Cheap(+) Dear(-)‡	
		Current	Range‡	Equ.‡	Conv.‡	Diff.‡	Current			
16.0	16.2	89.4	88 to 120	16.6	45.0	107.4	18.0			
13.3	13.8									
15.0	16.0	23.5	9 to 56	48.4	48.0	-0.7	-24.3			
8.0	7.3	16.9	11 to 35	45.5	62.8	15.9	-1.0			
11.4	12.1	16.4	12 to 35	21.5	27.9	10.6	-5.8			
4.8	4.2	-6.3	-29 to 4	32.9	23.4	-6.5	-0.2			
11.8	12.0	15.8	6 to 22	15.2	21.1	-7.9	8.0			
7.8	8.0	9.4	5 to 38	32.7	33.9	4.0	-5.3			
5.3	4.5	-10.7	-37 to 3	56.8	45.2	-5.7	5.0			
10.4	14.9	120.0	30 to 158	11.9	-29.6	54.1	-65.9			
12.3	17.0	189.9	62 to 190	0.0	30.4	115.8	-74.0			
18.5	19.5	14.3	5 to 39	42.1	51.4	19.4	5.1			
7.5	6.1	31.7	25 to 35	24.3	55.3	30.3	-1.4			
9.6	11.7	31.6	23 to 60	15.3	24.3	13.0	-18.5			
31.8	22.1	68.0	41 to 80	26.0	46.6	41.2	-26.8			

plus \$20 unsecured loan stock.

10. The entire cost of investment in convertible expressed as per cent. of the value of Ordinary shares into which \$100 nominal of convertible stock is convertible. Ordinary shares is greater than income on \$100 nominal of convertible or the final income and is present valued at 15 per cent. per annum. 5 income on \$100 of convertible stock is income of the convertible loan income of the underlying source of the investment and income Difference expressed as per cent. of the value of convertible debt.







K INDEX

SE LEND  
RATES

## REGIONAL MARKETS

**Abbey Life Assurance Co., Ltd.**  
1-2 St. Paul's Churchyard, EC4A 3DF. 01-268 9111

<sup>1</sup> The City of Westminster Assur. Soc.,  
Ringstead House, 6, White Horse Road.

**Hambro Life Assurance Limited**  
7, Old Park Lane, London, W1.

**Life & Equity Assurance**  
51 1 Olympic Wy, Wmby, Mx. HA89NB 01-872 887

**Norwich Union Insurance Group**  
 PO Box 4, Norwich NR1 3NG. 0603 222

**Slater Walker Insurance Co. Ltd.**  
00 30, Uxbridge Rd. W12. 01-74981

Gr. A.O.'s Pen.	96.5	101.8	-----	---
Do. Asc'm	97.6	102.7	-----	---
Prop. Pen. Fund.	96.1	101.2	-----	---
Do. Asc'm	97.2	102.5	-----	---

**Commercial Union Group**  
 St. Helen's, 1, Undershaft, EC3      01-283 750  
 Variable An. Ac. Ips. | 29.68 |      |      |

HN <sup>1</sup> S. Prop. Unit	119.1	125.1	.....	-
Do. Mem. Unit	109.3	115.1	-0.8	-
Do. Money Fd.	102.1	107.6	.....	-

**London Equity Assurance Ltd.**

Property Growth	166.5	---	---
Agricultural	462	---	---

**Trident Life Assurance Co. Ltd.**♥

**Chrtose. Japhet Life Ass. Co. Ltd.**  
1, Paternoster Row, E.C.4. 01-248 3991

**Guardian Royal Exchange**

Midas Bonds	167.2	49.7	.....	-
-------------	-------	------	-------	---

**NPI Pensions Management Ltd.**

Dep. Fd. June 27	96.9	102.1	—
Pp. Fd. Jul 2	96.8	102.0	—
Dep. Fd. Aug 2	96.8	102.0	—

**Windsor Life Assur. Co. Ltd.**  
 51, High Street, Windsor. Tel. 6814  
 Life Insurance, Fire & Marine Insurance

**INVEST IN 50,000 BETTER TOMORROWS!!**

P.O. Box 306, Grand Cayman, Cayman Is.  
Nipponbashi July 1... Y11928 | ... | --  
P.O. Box No 715, Nassau, SP, Bahamas.

Exxonmobil Ltr F	1732	1801	+27	4.9
Finance Union	339	343	+7	5.2

Jardine Eats Tett	HK\$248.58	21
Jardine J'm F	HK\$193.23	11

Lloyds Bk. (C.I.) U/T Mgrs.  
P.O. Box 185 St. John's, Nfld. A5B 1X2

Dealings Monday. \*Dealings Wed.

Grah. St. \$F d. Jan 30	\$US\$7.52	.....	-
TMT Ltd. June 12	£11.46	11.76	.....

\_\_\_\_\_

\*Valuation last day of each month.

File # 100-511957 12634

Kemp-Ges Income 45.3 . . 472 -

S.C.H. Growth — 73.7 — 74.4 — —

Value on June 27. Next calling July 7



**HOTELS—Continued**[illegible][illegible][illegible][illegible]



This service is available to every Company dealt in on  
Stock Exchanges throughout the United Kingdom for a  
charge of £250 per annum for each security.



**"PIMS"**  
The Personal Investment Management Service  
specifically designed for large investors.  
exclusive to: **Schlesinger Trust Managers Ltd.**  
10 Grosvenor Square, London W1A 3BA. Tel: 01-499 5100.

# FINANCIAL TIMES

Saturday July 5 1975

**HOLL**  
HUNDRED PLUS 1  
Assets - £108,000.000  
LLOYD'S BANKING HOUSE  
15, ABchurch Lane, London EC4A 3DF  
"With the security of the personal touch"

## MAN OF THE WEEK



## He has grown in stature

BY JOHN ELLIOTT

FOUR YEARS ago a serious and soberly suited middle-aged man went with visible unease into a stuffy crowded tea party in Brighton. His hosts looked little more happy about the event. But out of the occasion—a ritual and genteel "tea meeting" organised regularly by the Fabian Society at Labour Party conferences—was born the social contract which has now led union leaders near to accepting a 5% a week pay rises for next winter.

The man was Jack Jones, general secretary of the Transport and General Workers Union, who has played a leading role—with his "terrible twin" Hugh Scanlon of the Engineers—in killing off the pay restraint policies and the "In Place of Strife" strike laws of the previous Labour Government.

Coming straight to the point as his audience signed cups of tea and his into small sandwiches, Jones appeared for an end to the stress and strain between the trade union and intellectual wings of the Party.

It was a speech which was to mark the end of his "twins" with Scanlon who has continued along his own union's hostile path while Jones, with his campaigns to help aged pensioners and work with the social contract, has emerged as a national statesman devoted to doing what he believes to be best for Britain's workers and their families.

## New image

The speech also marked the emergence of a new public image for Jones, confounding his critics who had dismissed him as a negative man of the Left, incapable and unwilling to take the strains of positive leadership. Shortly afterwards he also adopted new responsibilities as chairman of the TUC's international committee.

Free from the inhibiting restrictions imposed by Scanlon by the Engineers' traditions and internal politics, Jones has now wielded more influence since Labour returned to power 18 months ago than any other man outside the Government.

Although the state of the economy has swung the balance of power away from the unions and back towards the Treasury in recent months at a time when Jones' members have been instrumental in floating the existing wage guidelines, it is still Jones on whom the Labour Government depends for much of its credibility. Probably aware of this, Jones has visibly grown into his new positive role and this week at his union's conference in Blackpool has worked tirelessly to mobilise the Labour movement into support for his flat rate pay plan because he sees an anti-Labour Parliamentary coalition which would hurt workers as the likely alternative.

His interest in the views and needs of workers as individuals is one of the reasons why he has decentralised his union's structure since he took over the general secretaryship from Frank Cousins in 1968.

## Pragmatic

Significantly when faced with holly hobbles from the old National Industrial Relations Court, he typically adopted a pragmatic stance and dropped his boycott of the court which the purist Scanlon continued to his cost. It is in fact Jones' practical pragmatism which has allowed him publicly to abandon his old hatred of wage restraint for the next crisis year, while trying to design a wage limit which his own members will not break.

A straight speaking man with few hobbles and little time for relaxation, there is very little phoney about him—except maybe the cloth cap he also has ready for donning above his smartly cut dark blue suit when he attends mass marches and demonstrations, and his occasional habit of abandoning his large white Rover for his union's Ford delivery van.

But if these foibles delight his critics, they should also be seen as the visible signs of a union chief who not only has considerable qualities of leadership but who also is deeply concerned about the welfare of his members and their families.

## Portuguese church defiance over radio

BY JANE BERGEROL

THE FIRST confrontation between Church and State since Portugal's revolution, over nationalisation of the Roman Catholic broadcasting station, the occupation by extreme Leftists of the radio and of a Republic newspaper, a new wave of strikes hitting at telephones and the national airline, TAP, and unrest over unpopular railway fare increases have this week heightened tensions and anxiety over who is actually running the country.

President Costa Gomes, in a nationwide broadcast last night, appealed for serenity and order and for Portuguese to become "true revolutionaries: work harder and produce more." He added: "We are talking too much and working excessively little."

He asked for an end to rumours and a return to work, and explained that while there were differences of opinion "among the Armed Forces Movement and even inside the Supreme Revolutionary Council, at the end of the day we always find a solution."

"I hope we are paying the price of being free, and no more than this," he said. He made no mention in his speech, though, of the confrontation between the military and the Roman Catholic Church which erupted today as the Portuguese Episcopal Conference denounced the military's decision to nationalise private broadcasting. It would fight the decision, it said, and refuse to hand over its radio station to a new military governing board.

Radio Renascença was taken over by 18 of its 96 workers, the church claims, all from the extreme Left-wing Popular Democratic Union Party (UDP), which has one seat in the constituent assembly.

For the past week pickets have been protecting occupying workers from eviction, following the military decision in the churches' favour last Friday. Yesterday, however, after another all-night session the Supreme Revolutionary Council reversed its decision by ruling that all private broadcasting stations be nationalised. An irate Bishop

said this afternoon "only 16 people have forced the Government of this country to contradict its own decisions. There is absolutely no authority left in Portugal today."

The extreme Leftists provoked strong criticism today from the Prime Minister's office and from the Communist Party, after they criticised General Vasco Gonçalves in a radio programme as a "traitor of the people" following his decision earlier in the churches' favour.

Speculation about the resignation of the Prime Minister and the Information Minister, Commander Correia Jesuino, on the issue was being described as unfounded by government sources today. However, the church is clearly opposed to a further attempt to impose a low profile since Portugal's revolution began last April. A member of the Bishop's Council said the church would not accept nationalisation or promises of "we have no guarantees we will have the right to express our ideology."

## Gilmour calls for firm stand on public spending

BY RICHARD EVANS, LOBBY CORRESPONDENT

MINISTERS were warned by a member of the shadow cabinet last night that whatever course they took to curb inflation, they would have to "hold the line" on wages, on public spending and on the money supply—there would be no easy way out.

Mr. Ian Gilmour, Opposition home affairs spokesman, complained that the Government had promised to stand firm against inflationary and job-destroying wage settlements, but what Ministers really meant was that they would ask industry to do the job for them.

"They seem to have in mind tightening the Price Code so that a company can choose between bankruptcy caused by a long strike and bankruptcy caused by conceding an inflationary settlement, without being able to pass on the cost to the consumer."

"Either way, the National En-

terprise Board and its eager chairman will doubtless be happy to pick up a few companies at a knock-down price," Mr. Gilmour said in Buckinghamshire.

Significantly, it was only Conservative politicians who spoke about inflation and the Government's economic proposals last night. Ministers deliberately kept quiet for fear of upsetting the delicate discussions with the trade unions.

Mr. Gilmour's theme was that despite Mr. Denis Healey's statement on cutting inflation, there was no evidence that the Government in general and Mr. Wilson in particular were totally committed to carrying out the policy.

"What the Government must realise is that at some point, sooner rather than later, they will have to be prepared to hold the line themselves. They will have to hold the line on wages, on public spending and on the money supply."

The Chancellor of the Exchequer had been driven by the fight from sterling to promise that the country would now pick up the bill for the Government's "record of profligacy, timidity and deceit." It was the bill for a 50 per cent increase in public spending and for giving in to every inflationary wage claim.

"The Government has promised to stand up to the bill—to confront inflation. But will they?" Mr. Gilmour asked. "Even those who have only viewed Mr. Wilson's career from a distance, with a passing distaste, are unlikely to put a sizeable bet on his resolution."

No one would believe in Mr. Wilson's determination to fight inflation until he actually said "No" to someone like Mr. Len Murray, Mr. Jack Jones, Mr. Arthur Scargill, or whoever came asking for the next subsidy.

## ICI buys Goya perfume business to boost overseas retail sector

BY RAY DAFTER

IMPERIAL Chemical Industries has bought the Goya perfumes and toiletries business of D. R. Collins.

The deal, believed to involve a sum of more than £1m, is designed to give ICI a bigger stake in the retail sector—particularly overseas—and to add manufacturing and marketing strength to Goya's operations.

The business is to be merged with the Avic subsidiary of ICI which manufactures the Savon range of medicines and baby-care products. The move represents a major development of this side of ICI's business, for the turnover of Collins—at about £3m.—is around twice that of Avic.

ICI said last night that the two companies would continue to trade separately for the time being, although their complementary strengths would make for a

"more vigorous joint effort in the U.K. and export markets."

This is not the first time that Goya, which made a pre-tax profit of around £300,000 last year, has been sold. It was acquired by Reckitt and Coleman for £1.5m. in 1960 and bought back by the Collins family in 1968 for around £550,000. ICI's outlay is said to be above that latter figure.

Amateur jockey Mr. Chris Collins, who heads the family business, is to continue as managing director. He said the move would provide security for the business and its 275 employees. It would also give the business the "financial muscle" to expand in the U.K. and to challenge the European companies on the Continent, some of whom are also linked with chemical groups.

Mr. Collins, who is recuperating in the South of France after a racing fall at Cheltenham, said the company had reached a plateau in its development and was seeking further growth. "I was also mindful in these uncertain times that I have a 70 per cent holding in Goya, a farm and an overdraft." The other 30 per cent stake in the business is held by the executors of his late father, the founder of the company, Mr. Douglas Collins.

It was ICI that first contacted Collins. It has been looking for some time at the possibility of acquiring an established company in the toiletries and perfume market. In particular, it was seeking a company with overseas marketing experience and growth potential.

The council appreciates the work performed by them in running the buffer stock during their years of service with the council," says the statement. ITC officials refused to comment further or answer questions.

The brief statement appears to be the final chapter to an affair which began on May 9 when Mr. Adnan and Mr. Bueno were suspended from duty indefinitely by Mr. H. W. Allen, the council's executive chairman.

No explanation was given for the surprise suspensions then, or for a Press conference called by Mr. Allen four days later. However, he did say that there was no abnormal financial situation to unravel. There were no police inquiries, it was basically a matter affecting the employment of these two people, he said.

The buffer stock, of which Mr. Adnan was manager for nearly 10 years, is possibly the most important part of the International Tin Agreement as its function is to keep prices within the "floor" and "ceiling" levels laid down by the council. It does this by supporting buying when the market is falling or by selling any surplus it has when prices are rising.

## Telegraph talks in bid to end dispute

By Our Labour Correspondent

TALKS were going on last night in an attempt to settle the journalists' pay dispute which cost the Daily Telegraph its entire London print run of more than 1m. copies yesterday.

But during the negotiations, which began mid-afternoon, National Union of Journalists pickets stayed outside the Fleet Street building.

Telegraph journalists have staged industrial action in the form of prolonged chapel (office branch) meetings for three days in protest at a pay offer worth 8.5 per cent on top of 3.2 per cent, and threshold payments already being received.

Journalists' industrial action which caused the loss of London-printed editions of the Daily Mirror on Wednesday night has been called off after acceptance of a 20 per cent, including 13.4 per cent, "new money" plus thresholds, together with agreement to take the journalists' claim for pay partly with top-paid printers to arbitration.

Last night journalists employed on the News of the World in London and Manchester decided, after rejecting a pay offer, to stage industrial action, which could affect production of to-morrow's paper.

These are just three of the "house" (local) pay negotiations under way in Fleet Street after the breakdown of national negotiations between the NUJ and the Newspaper Publishers Association last month.

Talks are continuing at several papers including the Sun and Guardian, while deals have been concluded at the Financial Times, The Times and Daily Express.

The Times has settled for 17 per cent, "new money" on top of Stage Three thresholds worth an estimated 5 per cent. A further 1 per cent, has been set aside for distribution by management on a merit basis.

Financial Times journalists settled for 14 per cent, "new money" plus £126 a year threshold payments already being received and certain allowances.

Day long negotiations yesterday produced a settlement to the five-week-old dispute involving members of the National Graphical Association employed by the Peterborough-based Sharman Group of weekly papers.

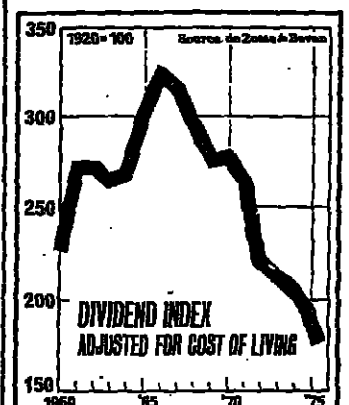
A joint statement said that agreement "had been reached between the company and the NGA on 'the introduction of the equipment and the re-employment of labour'."

## THE LEX COLUMN

## The sad history of dividends

Index rose 15.2 to 323.3

The real value of dividends has fallen by more than 17 per cent since controls were first introduced towards the end of 1972. In a week when restrictions have been tightened even further this timely reminder of just how much the real value of dividends has been eroded in the last few years is contained in brokers de Zoete and Bevan's latest statistical survey. Indeed, in the last six months alone, the real value of dividends has dropped by 8 per cent; as the accompanying graph shows, the



at almost the same figure as in the palm days of Ramsay MacDonald's first administration in 1924.

Wallowing even more in nostalgia, despairing investors will note that despite a 15 per cent rise in the price of consols during the first six months of 1975, the consols index has fallen in real terms to its lowest ever level—only 5.3 per cent, of the figure of 1919. Indeed, the recent rate of inflation has been such that the consols index has fallen to only 31 per cent of its January 1970 level after the cost of living adjustment.

However, whenever conditions appear to be remotely favourable money is still spilling heavily into the long end of the gilt market. Something like £150m-£200m. of the new long tap is thought to have been subscribed for on Thursday, and another £50m. may have gone yesterday—which would mean that nearly half the issue has been taken up already. Meanwhile the 30-Share Index has now picked up over 31 points since Monday night, though it has not quite recovered all that it lost in the previous week.

## Whitbread bid

A Whitbread shareholder who wanted to spread his risk could have bought shares in Long John International for 125p at the beginning of last month. Even after the bid approach from Whitbread was announced, he could have got in at 168p. The fact that Whitbread itself has been obliged to make an offer underwritten for cash at 231p per share to secure control of the company raises the old, old question—is it a management's job to diversify when its shareholders can do the job so much more cheaply?

In this case, the deal only has a marginally adverse impact on Whitbread's earnings per share, at least on the historic figures. But this is a relatively minor consideration. LJI is not a particularly high return business—14½ per cent on average capital employed last year—and it is hungry for cash. The net cash outflow on trading has run at about £7m. over the past three years, and its Board recognises that additional funds will be required in the next few years if the ambitious plans for volume growth are to be realised.

There are two further thoughts for Whitbread shareholders. One is that a number of other companies have thought about buying LJI, presumably balking at this price. The other is that although Whitbread is anxious to increase overseas interests, its international experiences have been uniformly rosy. It has years ago it pulled out of South Africa after sustaining losses at least £3m.

However, this represents a unique opportunity to buy integrated whisky business. Acquisition cost is £185 (roughly 16 times earnings) which by coincidence roughly matches the cost inflation which led Whitbread to delay work on new Welsh brewery. It has to be proved that the money best spent on a brand of business, and this really is a case when it should be everyone's interest for acquisition's profits to be published separately in future years.

## Howard Machinery

The agricultural cycle, turning down but not (so it is to the extent suggested by six months turnaround into loss) at Howard Machinery. The group has run into production problems in the U.K. following the closure of its Essex factor and domestic sales and exports are up just 5 per cent in cash terms; while an even more disastrous pattern for turnover growth overseas is blamed on poor supplies of component from the U.K. The group's losses of £325,000 pre-tax, against a profit of £12m.

Howard made £42m. for the whole of 1973-74 and the seasonal importance of the second half-year is applying just as firmly to trading this year—and at a time when the group's production delays are being overcome. Still, profits are likely to be significantly higher this year, and demand for agricultural machinery is probably going to stay in a downturn well into 1976. This year group capital spending is being reduced, the capital pressure elsewhere are lessening—drawings totalled 35 per cent of capital employed last year—and Howard makes it clear that the 1974-75 dividend is to be maintained. Fortunately, historic dividend cover is five times; the shares yield 5.3 per cent after yesterday's 10p fall to 60p.

See also Page 14

Continued from Page 1

## Mrs. Gandhi ban

then and Mrs. Gandhi thinks she has gained in popularity, she will hold a quick election with the Opposition disorganised.

Some sources who put this view think that the deputy state minister might become a possible rival for a snap election. Mrs. Gandhi would say that the Opposition parties were still squabbling and in the interest of national unity there was the need for one united party.

However, she may be prepared to keep the emergency going for longer than most people expect; some people here suggest it may even go on till August next year—in order to help her to win the General Election. She may end the emergency, bring her opponents back and pick them off in elections before they have time to organise themselves.

The renewed ill-health of the arrested leader, Mr. Jayaprakash Narayan, is placing her in a press predicament. If he were to die in custody he might well be regarded as a martyr.

Sources close to the Prime Minister add the caution that it is difficult to predict her actions very far ahead as she is becoming less and less accessible to most of her colleagues. She did not, for example, take her Cabinet colleagues to her confidence before she prevailed on the President to declare an emergency. The people who Mrs. Gandhi now really trusts and relies upon are a handful including Mr. Siddhartha Shankar Ray, and her son, Sanjay Gandhi.

The biggest problem for Mrs. Gandhi is the timing of her constitutional measures and whether to present them before or after the Supreme Court has given its verdict on her appeal for conviction for corrupt election practices. It is thought here that she will act before the court rules as she has been advised that she cannot count on the judges clearing her.

The view in the West that India's crisis of democracy might blow over if the Supreme Court can be persuaded to acquit her on the "trivial" charges is not held here. Such a view underestimates both the force of the Opposition attack and the impor-

tance of the convictions. Although foreigners may consider them only technical and trivial, opponents regard them as the core of an feeling of corruption and dishonest Government. Opposition attacks were not based on the offences alone but on the whole style of Government.

If she is finally acquitted, her opponents would not cease to attack her. Indeed an acquittal would produce the accusation that she had "bought" the court which would be extremely bitter about attacks on her in the Press. The new Information Minister, Mr. Shukla, has told Indian editors that the recently imposed press restrictions are "irrevocable" and has this week been calling in local paper editors to warn them.

Several Civil Servants, including some of the rank of Secretary, the highest official posts in the Ministries, have been removed or transferred to other jobs.

The chief Government spokesman and censor, Dr. A. R. Bai, was replaced today by his predecessor Mr. Harry D'penha. As Mr. D'penha has told friends privately he does not believe censorship can work, the new appointment presages a switch from blanket censorship to an attempt to woo the foreign Press.

In the Indian states various government reshuffles have been taking place at both political and civil service levels, with the reason given that it is part of the Government drive to improve efficiency.

## A share exchange scheme that offers more than most.

If you are thinking about exchanging your shares for an investment in a secure and well-managed fund, take a look at what City of Westminster Assurance have to offer.

You can often receive more than the offer value of your shares when they are exchanged for units. We also pay all dealing expenses and stamp duty. And the Fund you will invest in has an excellent performance record over the past few years. Before you decide which share exchange scheme to choose, take a look at ours. All you have to do is complete and return the coupon below, and we will return a copy of our Share Exchange Scheme Booklet.

To Share Exchange Dept. City of Westminster Assurance, Ringstead House, 6 Whitehorse Road, Croydon CR0 2JA

Please send me details of your Share Exchange Scheme.

Name \_\_\_\_\_

Address \_\_\_\_\_

**CITY OF WESTMINSTER ASSURANCE** 57 SHEET

Registered at the Post Office. Printed by St. Clements Press Ltd. for and published by the Financial Times Ltd., Stockton House, Cannon Street, London EC4A 3DF. © The Financial Times Ltd. 1975